



**CITY OF NORWOOD, OHIO**

**HAMILTON COUNTY**

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**REGULAR AUDIT**

**For the Year Ended December 31, 2023**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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City Council  
City of Norwood  
4645 Montgomery Road  
Norwood, Ohio 45212

We have reviewed the *Independent Auditor's Report* of the City of Norwood, Hamilton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. 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 Norwood is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

October 04, 2024

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**HAMILTON COUNTY, OHIO**  
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## Independent Auditor's Report

City of Norwood  
Hamilton County  
4645 Montgomery Road  
Norwood, Ohio 45212

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

#### ***Opinions***

We have audited the financial statements of the City of Norwood, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norwood, Hamilton County, Ohio as of December 31, 2023, and the respective changes in financial position and where applicable cash flows thereof and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City of Norwood, 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 opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***J. L. Uhrig and Associates, Inc.***

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

August 22, 2024

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of the City of Norwood's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2023 are as follows:

- The City's net Pension liability for the Ohio Public Employees Retirement System activities increased the most due to the City's proportionate share of the OPERS traditional plan's unfunded benefits.
- The City's income tax increased due to 4<sup>th</sup> quarter accumulated earnings received in December.
- The City continued to work on several street projects during 2023. The City received Ohio Public Works Commission grants to off set a portion of the cost.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Report Components**

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the proprietary funds and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
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accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

## **REPORTING THE CITY AS A WHOLE**

### **Statement of Net Position and the Statement of Activities**

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Norwood is financially better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows or resources, liabilities and deferred inflows of resources using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to those assets. These changes inform 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 needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

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

- Governmental Activities – Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, building permits and interest finance most of these activities.
- Business-Type Activities – This activity includes the City's water fund and refuse fund. Service fees for these operations are charged based on the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

### **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS Fund Financial Statements**

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with approval of City Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are the General Fund, Debt Service Fund, Water Fund and Refuse Fund.

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
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**Governmental Funds** – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds** – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in the proprietary funds. Operations are accounted for in such a manner to show a profit or loss on the basis comparable with industries in the private sector.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary assets and liabilities are reported in a separate Statement of Fiduciary Net Position.

## **THE CITY AS A WHOLE**

Table 1 provides a summary of the City's net position for 2023 compared to 2022:

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

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

	Governmental Activities		Business-Type Activities		Total	
	2023	Restated 2022	2023	2022	2023	Restated 2022
<b>Assets:</b>						
Current and Other Assets	\$30,922,237	\$27,564,659	\$3,626,675	\$3,582,693	\$34,548,912	\$31,147,352
Net OPEB Asset	0	568,334	0	92,519	0	660,853
Nondepreciable Capital Assets	13,214,344	12,932,681	759,606	0	13,973,950	12,932,681
Depreciable Capital Assets, Net	19,365,470	19,131,741	1,741,191	1,812,031	21,106,661	20,943,772
<b>Total Assets</b>	<b>63,502,051</b>	<b>60,197,415</b>	<b>6,127,472</b>	<b>5,487,243</b>	<b>69,629,523</b>	<b>65,684,658</b>
<b>Deferred Outflows of Resources:</b>						
Pension	15,563,599	7,254,942	435,737	119,145	15,999,336	7,374,087
OPEB	2,417,135	1,866,318	59,957	473	2,477,092	1,866,791
Deferred Charge on Refunding	541,850	568,942	0	0	541,850	568,942
<b>Total Deferred Outflows of Resources</b>	<b>18,522,584</b>	<b>9,690,202</b>	<b>495,694</b>	<b>119,618</b>	<b>19,018,278</b>	<b>9,809,820</b>
<b>Liabilities:</b>						
Current and Other Liabilities	1,448,874	2,425,916	428,961	725,360	1,877,835	3,151,276
<b>Long-Term Liabilities:</b>						
Due Within One Year	2,413,911	2,292,737	44,655	48,603	2,458,566	2,341,340
<b>Due in More Than One Year:</b>						
Net Pension Liability	41,390,263	22,654,339	991,054	263,964	42,381,317	22,918,303
Net OPEB Liability	2,769,752	3,690,129	20,151	0	2,789,903	3,690,129
Other Amounts	44,811,268	46,811,962	831,123	440,341	45,642,391	47,252,303
<b>Total Liabilities</b>	<b>92,834,068</b>	<b>77,875,083</b>	<b>2,315,944</b>	<b>1,478,268</b>	<b>95,150,012</b>	<b>79,353,351</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes Not Levied	3,151,018	2,742,535	0	0	3,151,018	2,742,535
Payments in Lieu of Taxes	4,570,616	4,607,287	0	0	4,570,616	4,607,287
Pension	1,927,226	10,025,611	734	322,578	1,927,960	10,348,189
OPEB	3,794,358	3,440,953	6,749	95,919	3,801,107	3,536,872
Leases	59,508	73,956	0	0	59,508	73,956
<b>Total Deferred Inflows of Resources</b>	<b>13,502,726</b>	<b>20,890,342</b>	<b>7,483</b>	<b>418,497</b>	<b>13,510,209</b>	<b>21,308,839</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	24,801,954	23,894,381	1,627,256	1,476,433	26,429,210	25,370,814
Restricted	4,510,201	4,239,858	0	0	4,510,201	4,239,858
Unrestricted (Deficit)	(53,624,314)	(57,012,047)	2,672,483	2,233,663	(50,951,831)	(54,778,384)
<b>Total Net Position (Deficit)</b>	<b>(\$24,312,159)</b>	<b>(\$28,877,808)</b>	<b>\$4,299,739</b>	<b>\$3,710,096</b>	<b>(\$20,012,420)</b>	<b>(\$25,167,712)</b>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City also

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
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as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

Total governmental assets increased \$3,304,636 which was primarily from current and other assets. Cash and cash equivalents had the largest increase under current and other assets. The City had a large increase in income tax due to 4<sup>th</sup> quarter accumulated earnings received in December.

Overall the City's total governmental liabilities increased \$14,958,985. Net Pension liability in governmental activities increased the most due to the City's proportionate share of the OPERS traditional plan's unfunded benefits.

The City's governmental deferred inflows of resources decreased \$7,387,616 primarily due to the change in Pension. The Pension deferred inflows decreased mainly due to the significant decrease in the State-wide pension systems' net difference between projected and actual earnings on pension plan investments.

The net position of governmental activities increased \$4,565,649 during 2023. Unrestricted net position was largest increase, which is primarily due to increase in cash and cash equivalents from increase in income tax revenues. Net Investment in Capital Assets increased due to road projects that were completed or are in construction phase.

Table 2 shows the changes in net position for the years ended December 31, 2023 and 2022.

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

*Table 2*  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,970,052	\$1,554,733	\$7,600,214	\$7,122,629	\$9,570,266	\$8,677,362
Operating Grants, Contributions and Interest	2,057,768	2,605,344	0	0	2,057,768	2,605,344
Capital Grants, Contributions and Interest	528,354	0	204,000	0	732,354	0
Total Program Revenues	4,556,174	4,160,077	7,804,214	7,122,629	12,360,388	11,282,706
General Revenues:						
Property Taxes	3,024,747	2,903,850	0	0	3,024,747	2,903,850
Income Taxes	22,777,414	19,336,480	0	0	22,777,414	19,336,480
Other Local Taxes	258,497	864,993	0	0	258,497	864,993
Permissive Motor Vehicle License Taxes	108,676	0	0	0	108,676	0
Revenue in Lieu of Taxes	6,974,871	6,960,950	0	0	6,974,871	6,960,950
Grants and Entitlements	422,584	1,109,106	0	0	422,584	1,109,106
Contributions and Donations	375	562	0	0	375	562
Investment Earnings/Other Interest	803,313	202,842	0	0	803,313	202,842
Other	29,916	1,635,450	0	0	29,916	1,635,450
Total General Revenues	34,400,393	33,014,233	0	0	34,400,393	33,014,233
Total Revenues	38,956,567	37,174,310	7,804,214	7,122,629	46,760,781	44,296,939
Program Expenses:						
General Government	8,947,262	8,191,954	0	0	8,947,262	8,191,954
Security of Persons and Property:						
Police	8,162,559	6,521,173	0	0	8,162,559	6,521,173
Fire	9,883,832	7,751,614	0	0	9,883,832	7,751,614
Public Services	40,298	(130,307)	0	0	40,298	(130,307)
Public Health Services	38,882	(25,039)	0	0	38,882	(25,039)
Leisure Time Activities	235,083	36,192	0	0	235,083	36,192
Community and Economic Development	99,882	453,872	0	0	99,882	453,872
Transportation	1,287,193	(630,596)	0	0	1,287,193	(630,596)
Intergovernmental	3,548,292	5,348,412	0	0	3,548,292	5,348,412
Interest	2,147,635	2,181,702	0	0	2,147,635	2,181,702
Water	0	0	5,171,674	5,166,910	5,171,674	5,166,910
Refuse	0	0	2,042,897	1,575,173	2,042,897	1,575,173
Total Expenses	34,390,918	29,698,977	7,214,571	6,742,083	41,605,489	36,441,060
Change in Net Position	4,565,649	7,475,333	589,643	380,546	5,155,292	7,855,879
Beginning Net Position	(28,877,808)	(35,293,473)	3,710,096	3,329,550	(25,167,712)	(31,963,923)
Restatement (See Note 3)	0	(1,059,668)	0	0	0	(1,059,668)
Ending Net Position	(\$24,312,159)	(\$28,877,808)	\$4,299,739	\$3,710,096	(\$20,012,420)	(\$25,167,712)



**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

Governmental program revenues represent only 12 percent of total governmental activities revenue and are primarily comprised of charges for services & sales, grants, and contributions. The City received OPWC grant monies to offset road improvement projects.

General revenues of governmental activities represent 88 percent of the City's governmental receipts. The City's municipal income taxes make up over half of the general revenues. The municipal income tax had a increase due to 4<sup>th</sup> quarter accumulated earnings received in December.

The City's business-type activities, Water and Refuse Funds, accounted for 17 percent of the City's total revenues in 2023.

**Governmental Activities**

The two percent earnings tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent approximately 58 percent of the City's total governmental activities revenue. The earnings tax is used to pay the cost of many City services including general government, security of persons and property, and community and economic development.

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the City. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, which accounts for 52 percent of all governmental expenses. Overall governmental expense increased mainly due to the security of person and property. This increase is mainly due to salary increases and contractual services for both police and fire departments.

The Net (Expense) Revenue column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

*Table 3*  
**Governmental Activities**

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
General Government	\$8,947,262	\$7,543,261	\$8,191,954	\$7,046,734
Security of Persons and Property:				
Police	8,162,559	7,774,240	6,521,173	6,133,106
Fire	9,883,832	9,542,599	7,751,614	7,504,047
Public Services	40,298	40,298	(130,307)	(130,307)
Public Health Services	38,882	(384,690)	(25,039)	(36,018)
Leisure Time Services	235,083	39,776	36,192	35,606
Community and Economic Development	99,882	99,882	453,872	453,872
Transportation	1,287,193	(316,549)	(630,596)	(1,696,797)
Intergovernmental	3,548,292	3,348,292	5,348,412	4,046,955
Interest and Fiscal Charges	2,147,635	2,147,635	2,181,702	2,181,702
<b>Total Expenses</b>	<b>\$34,390,918</b>	<b>\$29,834,744</b>	<b>\$29,698,977</b>	<b>\$25,538,900</b>

The dependence upon property and income tax receipts is apparent as 87 percent of governmental activities are supported through these general revenues.

**Business-Type Activities**

The City's business-type activities include the City's Water and Refuse Funds. The water utility provides public water service to businesses and residents.

The Refuse Fund is used to account for moneys collected from Norwood citizens, businesses and industries for refuse disposal service; and to account for the payment of refuse disposal bills. The Refuse Fund was established in 2005.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

Information about the City's major governmental funds is presented in the fund financial statements. These funds are reported using the modified accrual basis of accounting. In total, all governmental funds reported revenues of \$38,299,314 and expenditures of \$35,055,340.

Within the General Fund, there were revenues of \$28,356,186 and expenditures of \$25,101,264. The fund balance of the General Fund increased \$3,323,614. The change was mainly due to the increase in income tax due to the to 4<sup>th</sup> quarter accumulated earnings received in December.

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

Within the Debt Service Fund, there were revenues of \$5,971,070 and expenditures of \$5,794,093. The fund balance of this fund increased \$176,977 as revenues outpaced debt service payments and long term contracts payable.

**Governmental Fund Budgeting Highlights**

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

During 2023, the City amended its General Fund budget several times to reflect changing circumstances. Final budgeted revenues were more than original budgeted revenues by \$1,756,037 due to receiving an increase in income tax revenue compared to originally anticipated. The difference between final budgeted revenues and actual revenues was \$1,252,208 which was due primarily to an increase in income taxes previously discussed.

Final budgeted expenditures were more than original budgeted expenditures by \$590,088 due to overall increase in City projects from the financial recovery plan. Final expenditures were budgeted at \$28,052,461 for the General Fund. Actual expenditures were \$25,400,434 with a difference of \$2,652,027 due to expenditures being lower than anticipated due to no expenses paid out from the Paycor Incentive fund. This fund has expired with receipt of revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to \$35.1 million (net of accumulated depreciation).

	Governmental Activities		Business-Type Activities		Total	
	Restated		2023	2022	2023	Restated 2022
	2023	2022				
Land	\$12,649,348	\$12,649,348	\$0	\$0	\$12,649,348	\$12,649,348
Construction in Progress	564,996	283,333	759,606	0	1,324,602	283,333
Buildings	1,783,381	1,826,339	5,701	5,814	1,789,082	1,832,153
Land Improvements	1,172,360	1,200,782	0	0	1,172,360	1,200,782
Vehicles	2,069,555	2,041,621	171,854	185,995	2,241,409	2,227,616
Intangible Right to Use Vehicles	95,478	90,640	27,507	34,683	122,985	125,323
Furniture, Fixtures, and Equipment	1,363,243	1,398,445	12,034	5,124	1,375,277	1,403,569
Infrastructure	12,881,453	12,573,914	1,524,095	1,580,415	14,405,548	14,154,329
<b>Total</b>	<b>\$32,579,814</b>	<b>\$32,064,422</b>	<b>\$2,500,797</b>	<b>\$1,812,031</b>	<b>\$35,080,611</b>	<b>\$33,876,453</b>

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

For more information on capital assets, refer to note 10 of the notes to the basic financial statements.

**Debt**

Table 5 summarizes the outstanding long-term debt at December 31, 2023 and 2022:

**Table 5**  
**Outstanding Long-term Obligations at Year End**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
OPWC Loans	\$1,989,504	\$2,102,406	\$317,935	\$335,598	\$2,307,439	\$2,438,004
OWDA Loan	0	0	476,778	0	476,778	0
Tax Increment Financing Bonds	23,539,103	24,119,308	0	0	23,539,103	24,119,308
Leases	0	49,298	0	0	0	49,298
Financed Purchase	276,103	407,971	0	0	276,103	407,971
Special Assessment Bond	2,510,000	2,540,000	0	0	2,510,000	2,540,000
Police and Fire Pension	1,353,687	1,443,770	0	0	1,353,687	1,443,770
Contracts Payable	13,514,460	14,359,460	0	0	13,514,460	14,359,460
Net Pension Liability						
OP&F	35,302,341	21,032,831	0	0	35,302,341	21,032,831
OPERS	6,087,922	1,621,508	991,054	263,964	7,078,976	1,885,472
Total Net Pension Liability	41,390,263	22,654,339	991,054	263,964	42,381,317	22,918,303
Net OPEB Liability						
OP&F	2,645,980	3,690,129	0	0	2,645,980	3,690,129
OPERS	123,772	0	20,151	0	143,923	0
Total Net OPEB Liability	2,769,752	3,690,129	20,151	0	2,789,903	3,690,129
Totals	\$87,342,872	\$71,366,681	\$1,805,918	\$599,562	\$89,148,790	\$71,966,243

The City's overall unvoted legal debt margin was \$40,300,312 as of December 31, 2023. The more restrictive unvoted legal debt margin was \$10,057,184 as of the same date.

For more information regarding long-term obligations and capital leases, refer to notes 12 of the notes to the basic financial statements.

**ECONOMIC AND OTHER POTENTIALLY SIGNIFICANT MATTERS**

On October 6, 2016, the Auditor of State declared the City of Norwood to be in a state of fiscal emergency in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of a representative of the Office of Budget and Management, a representative of the Treasurer of State, the Mayor, the President of Council, and three individuals appointed by the Governor who are residents of the City and meet certain criteria.

**CITY OF NORWOOD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended December 31, 2023**  
Unaudited

In accordance with Section 118.06 of the Ohio Revised Code, the City is required to submit to the Commission a financial recovery plan for the City which outlines the measures to be taken to eliminate the fiscal emergency conditions. The initial recovery plan was approved by the City on July 5, 2017. The last amended recovery plan is dated April 2, 2024.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's Office, City of Norwood, 4645 Montgomery Road, Norwood, Ohio 45212.

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**CITY OF NORWOOD, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Totals	Component Unit Board of Health
<b>ASSETS:</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$17,918,905	\$1,306,409	\$19,225,314	\$734,726
Cash and Cash Equivalents in Segregated Accounts	18,459	0	18,459	0
Cash and Cash Equivalents with Fiscal Agents	68,350	0	68,350	0
Accounts Receivable	383,887	2,329,097	2,712,984	0
Lease Receivable	59,508	0	59,508	0
Internal Balances	8,831	(8,831)	0	0
Intergovernmental Receivable	789,607	0	789,607	0
Due from Primary Government	0	0	0	10,949
Income Taxes Receivable	3,771,687	0	3,771,687	0
Property and Other Local Taxes Receivable	3,332,387	0	3,332,387	0
Revenue in Lieu of Taxes Receivable	4,570,616	0	4,570,616	0
Nondepreciable Capital Assets	13,214,344	759,606	13,973,950	0
Depreciable Capital Assets, Net	19,365,470	1,741,191	21,106,661	0
<b>Total Assets</b>	<b>63,502,051</b>	<b>6,127,472</b>	<b>69,629,523</b>	<b>745,675</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension	15,563,599	435,737	15,999,336	57,631
OPEB	2,417,135	59,957	2,477,092	8,204
Deferred Charges on Refunding	541,850	0	541,850	0
<b>Total Deferred Outflows of Resources</b>	<b>18,522,584</b>	<b>495,694</b>	<b>19,018,278</b>	<b>65,835</b>
<b>LIABILITIES:</b>				
Accounts Payable	70,211	174,837	245,048	56
Accrued Wages Payable	480,561	27,556	508,117	11,304
Intergovernmental Payable	195,388	7,078	202,466	3,329
Due to Component Unit	10,949	0	10,949	0
Contracts Payable	59,158	21,369	80,527	0
Retainage Payable	0	57,459	57,459	0
Matured Compensated Absences	7,770	0	7,770	0
Accrued Interest Payable	288,596	0	288,596	0
Unearned Revenue	234,471	0	234,471	0
Payroll Withholdings	4,530	0	4,530	0
Deposits Held and Due to Others	97,240	0	97,240	0
Refundable Deposits	0	140,662	140,662	0
Long-Term Liabilities:				
Due Within One Year	2,413,911	44,655	2,458,566	95
Due in More Than One Year				
Net Pension Liability	41,390,263	991,054	42,381,317	113,434
Net OPEB Liability	2,769,752	20,151	2,789,903	2,259
Other Amounts	44,811,268	831,123	45,642,391	5,488
<b>Total Liabilities</b>	<b>92,834,068</b>	<b>2,315,944</b>	<b>95,150,012</b>	<b>135,965</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>				
Property Taxes Not Levied	3,151,018	0	3,151,018	0
Revenue In Lieu Of Taxes	4,570,616	0	4,570,616	0
Pension	1,927,226	734	1,927,960	5,061
OPEB	3,794,358	6,749	3,801,107	772
Leases	59,508	0	59,508	0
<b>Total Deferred Inflows Of Resources</b>	<b>13,502,726</b>	<b>7,483</b>	<b>13,510,209</b>	<b>5,833</b>
<b>NET POSITION:</b>				
Invested in Capital Assets	24,801,954	1,627,256	26,429,210	0
Restricted for:				
Debt Service	255,982	0	255,982	0
Capital Outlay	1,270,361	0	1,270,361	0
Fire	13,193	0	13,193	0
Police	287,635	0	287,635	0
Community Programs	39,219	0	39,219	0
Court Program	28,821	0	28,821	0
Parks and Recreation	20,736	0	20,736	0
Road Improvements	120,282	0	120,282	0
Transportation	2,028,305	0	2,028,305	0
Economic Development	5,263	0	5,263	0
Health Programs	440,124	0	440,124	527,977
Indigent Driver	280	0	280	0
Unrestricted (Deficit)	(53,624,314)	2,672,483	(50,951,831)	141,735
<b>Total Net Position (Deficit)</b>	<b>(\$24,312,159)</b>	<b>\$4,299,739</b>	<b>(\$20,012,420)</b>	<b>\$669,712</b>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest
Governmental Activities:			
General Government	\$8,947,262	\$816,928	\$587,073
Security of Persons and Property			
Police	8,162,559	388,319	0
Fire	9,883,832	341,233	0
Public Services	40,298	0	0
Public Health Services	38,882	423,572	0
Leisure Time Services	235,083	0	195,307
Community and Economic Development	99,882	0	0
Transportation	1,287,193	0	1,075,388
Intergovernmental	3,548,292	0	200,000
Interest	2,147,635	0	0
Total Governmental Activities	<u>34,390,918</u>	<u>1,970,052</u>	<u>2,057,768</u>
Business-Type Activities:			
Water	5,171,674	5,717,182	0
Refuse	2,042,897	1,883,032	0
Total Business-Type Activities	<u>7,214,571</u>	<u>7,600,214</u>	<u>0</u>
Total Primary Government	<u>\$41,605,489</u>	<u>\$9,570,266</u>	<u>\$2,057,768</u>
Component Unit	<u>\$719,173</u>	<u>\$160,322</u>	<u>\$596,328</u>

General Revenues:

Taxes:

- Property Taxes Levied For
  - General Purposes
  - Income Taxes
  - Permissive Motor Vehicle License Taxes
  - Other Local Taxes
- Revenue in Lieu of Taxes
- Grants and Entitlements not
  - Restricted to Specific Programs
  - Unrestricted Contributions
- Investment Earnings/Other Interest
- Other

Total General Revenues

Change in Net Position

Net Position (Deficit) at Beginning of Year -  
Restated (See Note 3)

Net Position (Deficit) at End of Year

See accompanying notes to the basic financial statements



Net (Expense)/Revenue and Changes in Net Assets				
Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	Component Unit Board of Health
\$0	(\$7,543,261)	\$0	(\$7,543,261)	\$0
0	(7,774,240)	0	(7,774,240)	0
0	(9,542,599)	0	(9,542,599)	0
0	(40,298)	0	(40,298)	0
0	384,690	0	384,690	0
0	(39,776)	0	(39,776)	0
0	(99,882)	0	(99,882)	0
528,354	316,549	0	316,549	0
0	(3,348,292)	0	(3,348,292)	0
0	(2,147,635)	0	(2,147,635)	0
<u>528,354</u>	<u>(29,834,744)</u>	<u>0</u>	<u>(29,834,744)</u>	<u>0</u>
204,000	0	749,508	749,508	0
<u>0</u>	<u>0</u>	<u>(159,865)</u>	<u>(159,865)</u>	<u>0</u>
<u>204,000</u>	<u>0</u>	<u>589,643</u>	<u>589,643</u>	<u>0</u>
<u>\$732,354</u>	<u>(29,834,744)</u>	<u>589,643</u>	<u>(29,245,101)</u>	<u>0</u>
<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,477</u>
	3,024,747	0	3,024,747	0
	22,777,414	0	22,777,414	0
	108,676	0	108,676	0
	258,497	0	258,497	0
	6,974,871	0	6,974,871	0
	422,584	0	422,584	0
	375	0	375	0
	803,313	0	803,313	0
	<u>29,916</u>	<u>0</u>	<u>29,916</u>	<u>750</u>
	<u>34,400,393</u>	<u>0</u>	<u>34,400,393</u>	<u>750</u>
	4,565,649	589,643	5,155,292	38,227
	<u>(28,877,808)</u>	<u>3,710,096</u>	<u>(25,167,712)</u>	<u>631,485</u>
	<u>(\$24,312,159)</u>	<u>\$4,299,739</u>	<u>(\$20,012,420)</u>	<u>\$669,712</u>

**CITY OF NORWOOD, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$13,675,815	\$424,744	\$3,818,346	\$17,918,905
Cash and Cash Equivalents with Fiscal Agents	0	0	68,350	68,350
Cash and Cash Equivalents in Segregated Accounts	18,164	0	295	18,459
Accounts Receivable	156,287	0	227,600	383,887
Intergovernmental Receivable	309,573	0	480,034	789,607
Income Taxes Receivable	3,771,687	0	0	3,771,687
Property and Other Local Taxes Receivable	3,320,972	0	11,415	3,332,387
Revenue in Lieu of Taxes Receivable	0	3,815,107	755,509	4,570,616
Lease Receivable	59,508	0	0	59,508
Advances to Other Funds	10,711	0	8,831	19,542
<b>Total Assets</b>	<b>\$21,322,717</b>	<b>\$4,239,851</b>	<b>\$5,370,380</b>	<b>\$30,932,948</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$68,694	\$0	\$1,517	\$70,211
Accrued Wages Payable	480,561	0	0	480,561
Contracts Payable	47,445	0	11,713	59,158
Intergovernmental Payable	195,388	0	0	195,388
Due to Component Unit	10,949	0	0	10,949
Unearned Revenue	0	0	234,471	234,471
Payroll Withholdings	4,530	0	0	4,530
Deposits Held and Due to Others	0	0	97,240	97,240
Matured Compensated Absences	7,770	0	0	7,770
Advances From Other Funds	0	0	10,711	10,711
<b>Total Liabilities</b>	<b>815,337</b>	<b>0</b>	<b>355,652</b>	<b>1,170,989</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Property Taxes not Levied to Finance Current Year Operations	3,151,018	0	0	3,151,018
Revenue in Lieu of Taxes not Intended to Finance Current Year Operations	0	3,815,107	755,509	4,570,616
Unavailable Revenue	2,136,079	0	632,855	2,768,934
Leases	59,508	0	0	59,508
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,346,605</b>	<b>3,815,107</b>	<b>1,388,364</b>	<b>10,550,076</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Advances	10,711	0	8,831	19,542
Restricted	0	424,744	3,612,533	4,037,277
Committed	0	0	5,000	5,000
Assigned	1,261,444	0	0	1,261,444
Unassigned	13,888,620	0	0	13,888,620
<b>Total Fund Balances</b>	<b>15,160,775</b>	<b>424,744</b>	<b>3,626,364</b>	<b>19,211,883</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$21,322,717</b>	<b>\$4,239,851</b>	<b>\$5,370,380</b>	<b>\$30,932,948</b>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023**

Total Governmental Fund Balances \$19,211,883

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds. These assets consist of:

Land	12,649,348	
Construction in progress	564,996	
Depreciable capital assets	43,017,871	
Accumulated depreciation	<u>(23,652,401)</u>	
Total capital assets		32,579,814

Some of the City's revenues will be collected after year-end,  
but are not available soon enough to pay for the current period's expenditures  
and therefore are deferred in the funds:

Property taxes	169,954	
Due from other governments:		
Charges for services	225,943	
Shared taxes and local government revenue assistance	687,500	
Income taxes	<u>1,685,537</u>	
Total		2,768,934

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

Deferred Outflows - Pension	15,563,599	
Deferred Outflows - OPEB	2,417,135	
Deferred Inflows - Pension	(1,927,226)	
Deferred Inflows - OPEB	(3,794,358)	
Net Pension Liability	(41,390,263)	
Net OPEB Liability	<u>(2,769,752)</u>	
Total		(31,900,865)

Deferred outflows of resources represent deferred charges on refundings which do  
not provide current financial resources and therefore are not reported in the funds. 541,850

In the Statement of Activities, interest is accrued on outstanding bonds, whereas  
in governmental funds, an interest expenditure is reported when due. (288,596)

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

Discount on bonds	95,897	
Financed Purchase	(276,103)	
Bonds	(26,145,000)	
Loans	(1,989,504)	
Police & Fire Liability	(1,353,687)	
Contracts Payable	(13,514,460)	
Compensated absences	<u>(4,042,322)</u>	
Total		<u>(47,225,179)</u>

Net Position of Governmental Activities (\$24,312,159)

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$3,131,676	\$0	\$0	\$3,131,676
Income Taxes	22,274,651	0	0	22,274,651
Other Local Taxes	258,497	0	142,447	400,944
Permissive Motor Vehicle License Taxes	0	0	108,676	108,676
Revenue in Lieu of Taxes	0	5,971,070	1,003,801	6,974,871
Special Assessments	0	0	152,026	152,026
Charges for Services	926,050	0	0	926,050
Fines, Licenses, Permits and Settlements	470,582	0	160,503	631,085
Intergovernmental	426,178	0	2,270,472	2,696,650
Investment Earnings/Other Interest	803,313	0	81,273	884,586
Rent	20,500	0	0	20,500
Contributions and Donations	375	0	52,860	53,235
Lease	14,448	0	0	14,448
Other	29,916	0	0	29,916
<b>Total Revenues</b>	<b>28,356,186</b>	<b>5,971,070</b>	<b>3,972,058</b>	<b>38,299,314</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General Government	8,103,547	0	599,502	8,703,049
Security of Persons and Property:				
Police	7,343,778	0	93,130	7,436,908
Fire	8,814,132	0	200,000	9,014,132
Public Health Services	0	0	7,683	7,683
Leisure Time Services	4,550	0	194,588	199,138
Community and Economic Development	153	697,988	240,000	938,141
Transportation	0	0	1,420,023	1,420,023
Intergovernmental	348,590	2,614,652	585,050	3,548,292
Capital Outlay	68,692	0	528,354	597,046
Debt Service:				
Principal Retirement	339,941	615,000	112,902	1,067,843
Interest	77,881	1,866,453	178,751	2,123,085
<b>Total Expenditures</b>	<b>25,101,264</b>	<b>5,794,093</b>	<b>4,159,983</b>	<b>35,055,340</b>
Excess of Revenues Over (Under) Expenditures	3,254,922	176,977	(187,925)	3,243,974
<b>OTHER FINANCING SOURCES:</b>				
Inception of Lease	68,692	0	0	68,692
<b>Net Change in Fund Balances</b>	<b>3,323,614</b>	<b>176,977</b>	<b>(187,925)</b>	<b>3,312,666</b>
Fund Balances at Beginning of Year	11,837,161	247,767	3,814,289	15,899,217
<b>Fund Balances at End of Year</b>	<b>\$15,160,775</b>	<b>\$424,744</b>	<b>\$3,626,364</b>	<b>\$19,211,883</b>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, 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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$3,312,666

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds.  
However, in the Statement of Activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense. In the current  
period, these amounts are:

Capital Assets Additions	1,386,399	
Current Year Depreciation	<u>(871,007)</u>	
<b>Total</b>		<b>515,392</b>

Because some revenues will not be collected for several months after the City's year-end,  
they are not considered "available" revenues and are deferred in the governmental funds.

Property Taxes	(106,929)	
Due From Other Governments:		
Charges for Services	225,943	
Shared Taxes and Local Government Revenue Assistance	35,476	
Income Taxes	<u>502,763</u>	
<b>Total</b>		<b>657,253</b>

The issuance of long-term debt provides current financial resources to governmental  
funds, but in the Statement of Net Position, the debt is reported as a liability.

Lease		(68,692)
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Repayment of long-term obligations is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement of  
Net Position.

General obligation bond principal retirement	615,000	
Police & Fire principal retirement	90,083	
Loan principal retirement	112,902	
Finance purchase principal retirement	131,868	
Lease payments	<u>117,990</u>	
<b>Total long-term obligation repayment</b>		<b>1,067,843</b>

In the Statement of Activities, interest accrued on outstanding bonds and bond accretion, bond  
premiums, bond issuance costs and the gain/loss on refunding are amortized over the terms of the  
bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.

Amortization of bond discount	(4,795)	
Amortization of Gain/Loss on Refunding	(27,092)	
Accrued Interest	<u>7,337</u>	
<b>Total</b>		<b>(24,550)</b>

Contractually required contributions are reported as expenditures in governmental funds; however, the  
Statement of Net Position reports these amounts as deferred outflows.

Pension	2,403,449	
OPEB	<u>45,972</u>	
<b>Total</b>		<b>2,449,421</b>

Except for amounts reported as deferred inflows/outflows, changes in the net pension  
liability (asset) are reported as pension expense in the Statement of Activities.

Pension	(4,732,331)	
OPEB	<u>503,483</u>	
<b>Total</b>		<b>(4,228,848)</b>

Some expenses reported in the Statement of Activities, such as compensated absences,  
do not require the use of current financial resources and therefore are not  
reported as expenditures in governmental funds.

Decrease in Compensated Absences	40,164	
Contracts Payable	<u>845,000</u>	
<b>Total</b>		<b>885,164</b>

<b>Change in Net Position of Governmental Activities</b>		<b><u>\$4,565,649</u></b>
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See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES:				
Property Taxes	\$2,718,093	\$2,992,582	\$3,131,676	\$139,094
Income Taxes	19,906,349	21,132,313	22,114,533	982,220
Other Local Taxes	350,488	329,935	329,935	0
Charges for Services	737,628	808,279	845,511	37,232
Fines, Licenses, Permits and Settlements	416,546	458,611	479,927	21,316
Intergovernmental	309,309	396,492	430,256	33,764
Interest	697,224	767,634	803,313	35,679
Rent	17,793	19,589	20,500	911
Contributions and Donations	325	358	375	17
Other	39,256	43,255	45,230	1,975
Total Revenues	<u>25,193,011</u>	<u>26,949,048</u>	<u>28,201,256</u>	<u>1,252,208</u>
EXPENDITURES:				
Current:				
General Government:				
Legislative and Executive	7,997,673	8,400,496	8,041,009	359,487
Judicial System	410,473	431,420	408,994	22,426
Security of Persons and Property:				
Police	7,604,523	7,992,587	7,492,967	499,620
Fire	9,257,097	9,729,517	9,104,981	624,536
Leisure Time Services	2,750	2,750	0	2,750
Public Health Services	9,265	9,265	0	9,265
Transportation	76	76	0	76
Intergovernmental	2,172,832	1,478,766	352,483	1,126,283
Capital Outlay	6,500	6,400	0	6,400
Debt Service:				
Principal Retirement	908	908	0	908
Interest	276	276	0	276
Total Expenditures	<u>27,462,373</u>	<u>28,052,461</u>	<u>25,400,434</u>	<u>2,652,027</u>
Net Change in Fund Balance	(2,269,362)	(1,103,413)	2,800,822	3,904,235
Fund Balance at Beginning of Year	9,851,372	9,851,372	9,851,372	0
Prior Year Encumbrances Appropriated	<u>667,815</u>	<u>667,815</u>	<u>667,815</u>	<u>0</u>
Fund Balance at End of Year	<u>\$8,249,825</u>	<u>\$9,415,774</u>	<u>\$13,320,009</u>	<u>\$3,904,235</u>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO**  
**STATEMENT OF FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2023**

	Water	Refuse	Totals
<b>ASSETS:</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$529,743	\$636,004	\$1,165,747
Accounts Receivable	1,652,952	676,145	2,329,097
<b>Total Current Assets</b>	<b>2,182,695</b>	<b>1,312,149</b>	<b>3,494,844</b>
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	140,662	0	140,662
Nondepreciable Capital Assets	759,606	0	759,606
Depreciable Capital Assets, Net	1,741,191	0	1,741,191
<b>Total Noncurrent Assets</b>	<b>2,641,459</b>	<b>0</b>	<b>2,641,459</b>
<b>Total Assets</b>	<b>4,824,154</b>	<b>1,312,149</b>	<b>6,136,303</b>
<b>DEFERRED OUTFLOWS:</b>			
Pension	435,737	0	435,737
OPEB	59,957	0	59,957
<b>Total Deferred Outflows</b>	<b>495,694</b>	<b>0</b>	<b>495,694</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	4,627	170,210	174,837
Accrued Wages Payable	27,556	0	27,556
Contracts Payable	21,369	0	21,369
Intergovernmental Payable	7,078	0	7,078
Retainage Payable	57,459	0	57,459
Compensated Absences Payable	26,992	0	26,992
OPWC Loans Payable	17,663	0	17,663
<b>Total Current Liabilities</b>	<b>162,744</b>	<b>170,210</b>	<b>332,954</b>
Current Liabilities Payable from Restricted Assets:			
Refundable Deposits	140,662	0	140,662
Advances From Other Funds	8,831	0	8,831
Noncurrent Liabilities:			
Compensated Absences Payable	54,073	0	54,073
OPWC Loans Payable	300,272	0	300,272
OWDA Loans Payable	476,778	0	476,778
Net Pension Liability	991,054	0	991,054
Net OPEB Liability	20,151	0	20,151
<b>Total Noncurrent Liabilities</b>	<b>1,851,159</b>	<b>0</b>	<b>1,851,159</b>
<b>Total Liabilities</b>	<b>2,154,565</b>	<b>170,210</b>	<b>2,324,775</b>
<b>DEFERRED INFLOWS:</b>			
Pension	734	0	734
OPEB	6,749	0	6,749
<b>Total Deferred Inflows</b>	<b>7,483</b>	<b>0</b>	<b>7,483</b>
<b>NET POSITIONS:</b>			
Invested in Capital Assets	1,627,256	0	1,627,256
Unrestricted	1,530,544	1,141,939	2,672,483
<b>Total Net Position</b>	<b>\$3,157,800</b>	<b>\$1,141,939</b>	<b>\$4,299,739</b>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services	<u>\$5,717,182</u>	<u>\$1,883,032</u>	<u>\$7,600,214</u>
OPERATING EXPENSES:			
Personal Services	860,012	0	860,012
Contractual Services	4,148,714	2,042,897	6,191,611
Supplies and Materials	77,638	0	77,638
Depreciation	78,328	0	78,328
Refunds	6,354	0	6,354
Other	<u>628</u>	<u>0</u>	<u>628</u>
Total Operating Expenses	<u>5,171,674</u>	<u>2,042,897</u>	<u>7,214,571</u>
Operating Income (Loss) Before Capital Grants	545,508	(159,865)	385,643
Capital Grants	<u>204,000</u>	<u>0</u>	<u>204,000</u>
Change in Net Position	749,508	(159,865)	589,643
Net Position at Beginning of Year	<u>2,408,292</u>	<u>1,301,804</u>	<u>3,710,096</u>
Net Position at End of Year	<u><u>\$3,157,800</u></u>	<u><u>\$1,141,939</u></u>	<u><u>\$4,299,739</u></u>

See accompanying notes to the basic financial statements



**CITY OF NORWOOD, OHIO**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
<u>Decrease in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,901,797	\$1,797,290	\$7,699,087
Cash Payments for Employee Services and Benefits	(880,396)	0	(880,396)
Cash Payments to Suppliers for Goods and Services	(4,934,854)	(2,003,500)	(6,938,354)
Utility Deposits Received	29,571	0	29,571
Utility Deposits Returned	(26,474)	0	(26,474)
Net Cash Provided by (Used for) Operating Activities	<u>89,644</u>	<u>(206,210)</u>	<u>(116,566)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(767,094)	0	(767,094)
Capital Grants	204,000	0	204,000
Principal Paid on OPWC Loans	(17,663)	0	(17,663)
Proceeds from OWDA Loans	476,778	0	476,778
Net Cash Used for Capital and Related Financing Activities	<u>(103,979)</u>	<u>0</u>	<u>(103,979)</u>
Net Decrease in Cash and Cash Equivalents	(14,335)	(206,210)	(220,545)
Cash and Cash Equivalents at Beginning of Year	<u>684,740</u>	<u>842,214</u>	<u>1,526,954</u>
Cash and Cash Equivalents at End of Year	<u>\$670,405</u>	<u>\$636,004</u>	<u>\$1,306,409</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$545,508	(\$159,865)	\$385,643
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	78,328	0	78,328
(Increase) Decrease in Assets:			
Deferred Outflows Pension	199,405	0	199,405
Deferred Outflows OPEB	41,200	0	41,200
Accounts Receivable	(178,785)	(85,742)	(264,527)
Increase (Decrease) in Liabilities:			
Accounts Payable	(408,117)	39,397	(368,720)
Accrued Wages Payable	(584)	0	(584)
Intergovernmental Payable	(9,020)	0	(9,020)
Contracts Payable	21,369	0	21,369
Retainage Payable	57,459	0	57,459
Refundable Deposits	3,097	0	3,097
Deferred Inflows Pension	(142,643)	0	(142,643)
Deferred Inflows OPEB	(76,602)	0	(76,602)
Net Pension Liability	31,892	0	31,892
Net OPEB Liability	(582)	0	(582)
Compensated Absences Payable	(72,281)	0	(72,281)
Net Cash Provided by (Used for) Operating Activities	<u>\$89,644</u>	<u>(\$206,210)</u>	<u>(\$116,566)</u>

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
DECEMBER 31, 2023**

**ASSETS:**

Equity in Pooled Cash and Cash Equivalents	\$2,184,953
Cash and Cash Equivalents in Segregated Accounts	4,958
Accounts Receivable	<u>2,021,304</u>

Total Assets \$4,211,215

**LIABILITIES:**

Accounts Payable	\$892
Intergovernmental Payable	<u>4,210,323</u>

Total Liabilities \$4,211,215

See accompanying notes to the basic financial statements

**CITY OF NORWOOD, OHIO  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

ADDITIONS:

Licenses, Permits, and Fees for Other Governments	\$5,778,041
Fines and Forfeitures for Other Governments	26,626
Special Assessment Collections for Other Governments	187,154
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Total Additions	5,991,821
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DEDUCTIONS:

Licenses, Permits, and Fees Distributions to Other Government:	5,775,801
Special Assessment Distributions for Other Governments	187,154
Distributions to the State of Ohio	24,255
Distributions to Other Governments	1,055
Miscellaneous	3,556
	<hr/>

Total Deductions	5,991,821
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Changes In Net Position	0
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Net Position at beginning of Year	0
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Net Position at End of Year	\$0
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See accompanying notes to the basic financial statements

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**CITY OF NORWOOD**  
Hamilton County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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

The City of Norwood, Ohio (the City) is a statutory municipal corporation, established in 1888 as a political subdivision of the State of Ohio, for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City operates under a mayor-council form of government. Legislative power is vested in a seven member council and a council president, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Service Safety Director, are elected positions. The Service Safety Director is appointed by the Mayor.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments, which comprise the legal entity of the City. The City provides the following services: public safety (police and fire), highways and streets, water, sanitation, health and social services, culture and recreation, public improvements, community development, planning and zoning and general administrative services.

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

The component unit column in the basic financial statements identifies the financial data of the City's discretely component unit, the City of Norwood Board of Health. It is discretely reported to emphasize that it is legally separate from the City.

**CITY OF NORWOOD**  
Hamilton County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**City of Norwood Board of Health**

The City of Norwood Board of Health (Board) was created as a legally separate organization under chapter 3709 of the Ohio Revised Code. Among its various duties, the Board provides for the prompt diagnosis and control of communicable diseases. The Board may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board is operated by a five-member board with all members being appointed by the City. The rates charged by the Board are subject to the approval of City Council. In addition, the City provides funding to the Board, thus the City can impose will on the Board, and the Board imposes a financial burden to the City. Therefore, the Board of Health is considered a discretely presented component unit of the City. Information for the component unit is identified in Note 23. Statements for the Board can be obtained from the City Auditor's Office.

The City is associated with one jointly governed organization, the Ohio Energy Special Improvement District, Inc. (SID) (see Note 18) and one shared risk pool, the Public Entities Pool of Ohio (PEP) (see Note 19).

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

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

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the City's fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct

**CITY OF NORWOOD**  
Hamilton County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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

### Fund Financial Statements

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

### **Fund Accounting**

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

### Governmental Funds

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

*General Fund* – This is the chief operating fund for the City and it is used to account for all revenues and expenditures which are not accounted for in other funds. The primary sources of revenue for this fund are earnings taxes, property taxes and local government funds. 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.

**CITY OF NORWOOD**  
Hamilton County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

*Debt Service Fund* – This fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the City is obligated for the payment.

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

Proprietary Fund

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The City's only proprietary funds are enterprise funds.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Water Fund* – This fund is used to account for the provision of water treatment and distribution to residential and commercial users within the City.

*Refuse Fund* – This fund is used to account for refuse services provided to residents, businesses and industries located within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be separated in a trust fund. The City's only fiduciary funds are custodial funds. The City's custodial funds are used to account for fines and fees held for distribution to other governments, Mayor's Court that is used to account for various fines and fees which are collected and distributed on behalf of another government, and for the collection of sewer billings that are collected on behalf of the Metropolitan Sewer District of Greater Cincinnati, and then disbursed to them monthly.



**CITY OF NORWOOD**  
Hamilton County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**Measurement Focus**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

For proprietary funds, the Statement Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary funds and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis

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of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes/payments in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied (See Notes 7 and 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charge on refunding and pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

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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 assets that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the City, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, OPEB, leases and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 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. The deferred inflow for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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 property taxes, due from other governments, and income taxes. These amounts are deferred and recognized as revenue 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 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 14 and 15).

Expenses/Expenditures

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

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

**Unearned Revenue**

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

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

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

**Budgetary Process**

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

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

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

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**Cash and Cash Equivalents**

Cash balances of the City's funds, except cash held by fiscal agents, are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash and cash equivalents that are held by the Mayors court separately of the City and not held with the City are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

The City's Municipal Court has its own checking accounts for the collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

The City also utilizes a financial institution to service proceeds of debt. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agents".

During 2023, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2023 amounted to \$803,513 which includes \$237,981 assigned from other funds.

**Restricted Assets**

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

In the enterprise funds, water customer deposits are presented as Restricted Assets: Equity in Pooled Cash and Cash Equivalents.

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**Capital Assets and Depreciation**

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

Depreciation is computed using the straight-line method over the following useful lives:

Asset	Years
Buildings	45-100
Land Improvements	10-60
Vehicles	6-15
Intangible Right to Use - Vehicles	3
Furniture, Fixtures and Equipment	3-20
Infrastructure	40-100

The City's infrastructure consists of roads, bridges, curbs, gutters, sidewalks, water lines and storm water drainage systems.

The City is reporting intangible right to use assets related to leased vehicles. The lease assets represent nonfinancial assets which are being utilized for period of time through leases from another entity. These intangible right to use are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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**Monsanto Settlement Monies**

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the City received a settlement payment of \$39,012 during 2023. This amount is reflected as fines and forfeiture revenue in the OneOhio Special Revenue Fund in the accompany financial statements.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "Interfund Receivable/Payable." Long-term interfund loan receivables/payables, reported as "Advances to Other Funds" or "Advances from Other Funds," are classified as nonspendable fund balance, which indicates that they are not in spendable form even though it is a component of net current assets. These 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.

**Compensated Absences**

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

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**Accrued Liabilities and Long-Term Obligations**

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

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and refuse. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

**Internal Activity**

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

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



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**Bond Discounts**

On the government-wide financial statements bond discounts are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond discounts are presented as reductions to the face amount of bonds payable.

On the governmental fund financial statements discounts are recognized in the period when the debt is issued.

**Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the Statement of Net Position.

**Net Positions**

Net positions represent the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include funds for court programs, telecommunications and public health programs.

The long-term liability for the 2006 Tax Increment Financing Bonds and 2015 Rookwood Exchange Tax Increment Financing Bonds are not related to governmental activities because the proceeds were not used to construct a capital asset reported by the City. This liability is included in the calculation of unrestricted net position.

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

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**Leases**

The City serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

**Lessee** At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor** At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**Estimates**

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

**Fund Balance**

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It includes the long-term amount of interfund loans.

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

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance. The City Auditor assigned fund balance to cover a gap between estimated revenue and appropriations in the 2024 appropriated budget.

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

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the City also implemented the guidance in GASB’s Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

**Restatement and Correction of Error of Net Position**

The correction of capital assets had the following effect on net position as of December 31, 2022:

	Governmental Activities	Business Type Activities
Net Position, December 31, 2022	(\$27,818,140)	\$3,710,096
Adjustments:		
Capital Assets Correction	<u>(1,059,668)</u>	<u>0</u>
Restated Net Position, December 31, 2022	<u>(\$28,877,808)</u>	<u>\$3,710,096</u>

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**NOTE 4 – FUND BALANCES**

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

Fund Balances	General Fund	Debt Service Fund	All Other Governmental Funds	Total
<b>Nonspendable</b>				
Long-Term Advance	\$10,711	\$0	\$8,831	\$19,542
<b>Restricted for</b>				
Community Programs	0	0	39,220	39,220
Court Program	0	0	28,821	28,821
Park and Recreation	0	0	20,736	20,736
Capital Outlay	0	0	1,270,361	1,270,361
Road Improvements	0	0	111,451	111,451
Transportation	0	0	1,621,393	1,621,393
Fire	0	0	13,193	13,193
Police	0	0	287,635	287,635
Economic Developments	0	0	5,263	5,263
Health Programs	0	0	214,180	214,180
Debt Service	0	424,744	0	424,744
Indigent Driver	0	0	280	280
<i>Total Restricted</i>	<u>0</u>	<u>424,744</u>	<u>3,612,533</u>	<u>4,037,277</u>
<b>Committed to</b>				
Capital Outlay	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
<b>Assigned to</b>				
Future Appropriations	959,375	0	0	959,375
Purchases on Order	302,069	0	0	302,069
Total Assigned	<u>1,261,444</u>	<u>0</u>	<u>0</u>	<u>1,261,444</u>
Unassigned:	<u>13,888,620</u>	<u>0</u>	<u>0</u>	<u>13,888,620</u>
<i>Total Fund Balances</i>	<u>\$15,160,775</u>	<u>\$424,744</u>	<u>\$3,626,364</u>	<u>\$19,211,883</u>

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

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

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The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

*Net Changes in Fund Balance*

	<b>General</b>
GAAP Basis	\$3,323,614
Revenue Accruals	(223,622)
Expenditure Accruals	52,104
Encumbrances	(351,274)
Budget Basis	\$2,800,822

**NOTE 6 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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

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

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

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

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savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two

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percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

**Investments**

Investments are reported at fair value. As of December 31, 2023, the City had the following investments:

<u>Measurement/ Investment</u>	<u>Measurement Amount</u>	<u>Maturity (in Years)</u>	<u>Rating</u>	<u>Percent of Total Investments</u>
Net Asset Value per Share:				
STAROhio	\$18,268,725	Less than one	AAAm	N/A

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The above chart identifies the City’s recurring fair value measurements as of December 31, 2023.

**NOTE 7 – MUNICIPAL INCOME TAX**

The City levies a municipal income tax of 2.0 percent on all salaries, wages, commissions, other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City’s current tax rate.

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



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**NOTE 8 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$11.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$573,842,910
Public Utility Personal Property	<u>31,019,640</u>
Total	<u><u>\$604,862,550</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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**NOTE 9 – RECEIVABLES**

Receivables at December 31, 2023, consisted of accounts, property taxes, municipal income taxes, revenue in lieu of taxes, advances to other funds, leases, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, and income taxes, revenue in lieu of taxes and leases. Property, income taxes, and revenue in lieu of taxes although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	
Homestead and Rollback	\$100,746
Local Government	208,827
Gasoline Excise Tax	427,223
Motor Vehicle License Tax	52,811
Total Intergovernmental Receivable	\$789,607

**Revenue in Lieu of Taxes**

In 2002, the City entered into the Cornerstone Tax Increment Financing Agreement between the City and Cornerstone at Norwood LLC, for the purpose of constructing the Cornerstone commercial facility and parking garage. In 2007, the City entered into an Urban Renewal Plan with Linden Pointe LLC, as the Redeveloper, for the purpose of constructing the Linden Pointe commercial and retail facility. To encourage improvements, Cornerstone at Norwood LLC and Linden Pointe LLC were granted a 100 percent exemption from paying any property taxes on the new construction. For Cornerstone at Norwood LLC, the exemption was granted for 30 years. For Linden Pointe LLC, the exemption is in effect for the earliest of the duration that the bonds issued in connection with this project are outstanding, or 30 years. Payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public infrastructure improvements. Additional payments are made to the Norwood City School District since they are impacted by the exemption.

A receivable for the amount of the payments estimated to be received in the following year has been recorded in the respective Debt Service and Linden Pointe Construction Funds, with a corresponding credit to deferred inflows of resources – revenue in lieu of taxes.

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**Leases Receivable**

The City is reporting leases receivable of \$59,508 in the general fund at December 31, 2023. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the City recognized lease revenue of \$14,448 and interest revenue of \$867 in the general fund related to lease payments received. A description of the City’s leasing arrangements is as follows:

*Cell Tower Lease* – The City has entered into a cell tower lease agreement with GTE Wireless for use on a City owned tower. The lease was started on October 14, 1998, for a five year lease term with the option to renew for an additional five, five year lease terms. When the lessee exercises the renewal option, the annual lease payment will increase by five percentage for the new lease term. This lease will expire on October 13, 2028.

A summary of future lease amounts receivable is as follows:

	General	
Year	Principal	Interest
2024	\$14,618	\$698
2025	14,789	526
2026	14,963	352
2027	15,138	177
	\$59,508	\$1,753

**OneOhio Opioid Settlement Monies**

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$227,600 as a receivable related to opioid settlement monies in the OneOhio Special Revenue Fund in the accompanying financial statements.

Collections of these settlement monies are expected to extend through 2038 with \$22,241 expected to be collected in 2024.

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**NOTE 10 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

	Restated Balance 12/31/2022	Additions	Deletions	Balance at 12/31/2023
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$12,649,348	\$0	\$0	\$12,649,348
Construction in Progress	283,333	938,386	(656,723)	564,996
Total Capital Assets, Not Being Depreciated	<u>12,932,681</u>	<u>938,386</u>	<u>(656,723)</u>	<u>13,214,344</u>
Capital Assets Being Depreciated				
Tangible Assets:				
Buildings	4,869,864	15,920	0	4,885,784
Land Improvements	1,929,691	0	0	1,929,691
Vehicles	5,989,158	230,182	0	6,219,340
Furniture, Fixtures and Equipment	4,551,326	72,876	0	4,624,202
Infrastructure	24,424,355	717,066	0	25,141,421
Total Tangible Assets	<u>41,764,394</u>	<u>1,036,044</u>	<u>0</u>	<u>42,800,438</u>
Intangible Right to Use:				
Vehicles	148,741	68,692	0	217,433
Total Capital Assets Being Depreciated	<u>41,913,135</u>	<u>1,104,736</u>	<u>0</u>	<u>43,017,871</u>
Total Capital Assets at Historical Cost	<u>54,845,816</u>	<u>2,043,122</u>	<u>(656,723)</u>	<u>56,232,215</u>
Less Accumulated Depreciation:				
Depreciation:				
Buildings	(3,043,525)	(58,878)	0	(3,102,403)
Land Improvements	(728,909)	(28,422)	0	(757,331)
Vehicles	(3,947,537)	(202,248)	0	(4,149,785)
Furniture, Fixtures and Equipment	(3,152,881)	(108,078)	0	(3,260,959)
Infrastructure	(11,850,441)	(409,527)	0	(12,259,968)
Total Accumulated Depreciation	<u>(22,723,293)</u>	<u>(807,153)</u>	<u>0</u>	<u>(23,530,446)</u>
Amortization:				
Vehicles	(58,101)	(63,854)	0	(121,955)
Total Accumulated Depreciation/Amortization	<u>(22,781,394)</u>	<u>(871,007)</u>	<u>0</u>	<u>(23,652,401)</u>
Total Capital Assets Being Depreciated, Net	<u>19,131,741</u>	<u>233,729</u>	<u>0</u>	<u>19,365,470</u>
Governmental Activities Capital Assets, Net	<u>\$32,064,422</u>	<u>\$1,172,115</u>	<u>(\$656,723)</u>	<u>\$32,579,814</u>

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Depreciation expense was charged to governmental programs as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government	\$302,409	\$27,390	\$329,799
Security of Persons and Property			
Police	89,640	5,017	94,657
Fire	103,265	31,447	134,712
Public Health Services	6,535	0	6,535
Transportation	305,304	0	305,304
<b>Total Depreciation Expense</b>	<b><u>\$807,153</u></b>	<b><u>\$63,854</u></b>	<b><u>\$871,007</u></b>

  

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/23</u>
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$0	\$759,606	\$0	\$759,606
Capital Assets Being Depreciated				
Tangible Assets:				
Buildings	61,685	0	0	61,685
Vehicles	375,309	0	0	375,309
Furniture, Fixtures and Equipment	179,041	7,488	0	186,529
Infrastructure	3,600,494	0	0	3,600,494
<b>Total Tangible Assets</b>	<b><u>4,216,529</u></b>	<b><u>7,488</u></b>	<b><u>0</u></b>	<b><u>4,224,017</u></b>
Intangible Right to Use:				
Vehicles	35,879	0	0	35,879
<b>Total Capital Assets Being Depreciated</b>	<b><u>4,252,408</u></b>	<b><u>7,488</u></b>	<b><u>0</u></b>	<b><u>4,259,896</u></b>
<b>Total Capital Assets at Historical Cost</b>	<b><u>4,252,408</u></b>	<b><u>767,094</u></b>	<b><u>0</u></b>	<b><u>5,019,502</u></b>
Less Accumulated Depreciation				
Depreciation:				
Buildings	(55,871)	(113)	0	(55,984)
Vehicles	(189,314)	(14,141)	0	(203,455)
Furniture, Fixtures and Equipment	(173,917)	(578)	0	(174,495)
Infrastructure	(2,020,079)	(56,320)	0	(2,076,399)
<b>Total Depreciation</b>	<b><u>(2,439,181)</u></b>	<b><u>(71,152)</u></b>	<b><u>0</u></b>	<b><u>(2,510,333)</u></b>
Amortization:				
Vehicles	(1,196)	(7,176)	0	(8,372)
<b>Total Accumulated Depreciation/Amortization</b>	<b><u>(2,440,377)</u></b>	<b><u>(78,328)</u></b>	<b><u>0</u></b>	<b><u>(2,518,705)</u></b>
<b>Depreciable Capital Assets, Net</b>	<b><u>1,812,031</u></b>	<b><u>(70,840)</u></b>	<b><u>0</u></b>	<b><u>1,741,191</u></b>
<b>Business-Type Activities, Net</b>	<b><u>\$1,812,031</u></b>	<b><u>\$688,766</u></b>	<b><u>\$0</u></b>	<b><u>\$2,500,797</u></b>

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**NOTE 11 – ASSET RETIREMENT OBLIGATION**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with the waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

**NOTE 12 – LONG-TERM DEBT**

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2023 follows:

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Types/Issues	Balance 12/31/22	Increases	Decreases	Balance 12/31/23	Due Within One Year
<u>Special Assessment Bond:</u>					
Central Park Special Assess. Bond					
2017 - 6% - \$2,655,000	\$2,540,000	\$0	\$30,000	\$2,510,000	\$40,000
<u>Tax Increment Financing and Refunding</u>					
<u>Revenue Bonds:</u>					
<u>Special Obligation Refunding Revenue Bonds</u>					
2022 - 6.00%-7.00% - \$7,050,00	6,280,000	0	130,000	6,150,000	195,000
Discount on Debt Issue	(100,692)	0	(4,795)	(95,897)	0
<u>Rookwood Exchange TIF Bonds - 6.50%</u>					
2015 - \$20,350,000	17,940,000	0	455,000	17,485,000	490,000
<b>Total Tax Increment Financing Bonds</b>	<b>24,119,308</b>	<b>0</b>	<b>580,205</b>	<b>23,539,103</b>	<b>685,000</b>
<u>OPWC Loans from Direct Borrowing:</u>					
<u>OPWC Loan - Resurface</u>					
Williams Ave 2003 - 0% - \$247,090	24,712	0	12,355	12,357	12,357
<u>OPWC Loan - Montgomery Rd</u>					
Phase II 2003 - 0% - \$623,255	77,907	0	31,163	46,744	31,163
<u>OPWC Loan-Reconstruction</u>					
Forest Ave. 2019 - 0% - \$199,609	182,974	0	6,654	176,320	6,654
<u>OPWC Loan Beech Street Improv.</u>					
2016 - 0% - \$20,420	16,679	0	680	15,999	680
<u>OPWC Loan - Williams Avenue</u>					
2017 - 0% - \$165,000	140,250	0	5,500	134,750	5,500
<u>OPWC Loan - Hunter Ave. Improv.</u>					
2017 - 0% - \$100,000	85,001	0	3,333	81,668	3,333
<u>OPWC Loan - Indinan Mound St. Improv..</u>					
2021 - 0% - \$469,230	457,499	0	23,461	434,038	23,462
<u>OPWC Loan - Slane Avenue</u>					
2022 - 0% - \$449,384	449,384	0	7,490	441,894	14,979
<u>OPWC Loan - Regent Avenue</u>					
2022 - 0% - \$668,000	668,000	0	22,266	645,734	22,266
<b>Total OPWC Loans from Direct Borrowing</b>	<b>2,102,406</b>	<b>0</b>	<b>112,902</b>	<b>1,989,504</b>	<b>120,394</b>
<u>Other Long-Term Obligations:</u>					
Leases	49,298	68,692	117,990	0	0
Financed Purchase	407,971	0	131,868	276,103	135,948
2.12% Police & Fire Pension	1,443,770	0	90,083	1,353,687	93,952
Contracts Payable - Cornerstone	7,894,460	0	605,000	7,289,460	625,000
Contracts Payable - Linden Pointe/Paycor	6,465,000	0	240,000	6,225,000	245,000
Compensated Absences	4,082,486	692,344	732,508	4,042,322	468,617
<b>Total Other Long-Term Obligations</b>	<b>20,342,985</b>	<b>761,036</b>	<b>1,917,449</b>	<b>19,186,572</b>	<b>1,568,517</b>
<u>Net Pension Liability:</u>					
OP&F	21,032,831	14,269,510	0	35,302,341	0
OPERS	1,621,508	4,466,414	0	6,087,922	0
<b>Total Net Pension Liability</b>	<b>22,654,339</b>	<b>18,735,924</b>	<b>0</b>	<b>41,390,263</b>	<b>0</b>
<u>Net OPEB Liability:</u>					
OP&F	3,690,129	0	1,044,149	2,645,980	0
OPERS	0	123,772	0	123,772	0
<b>Total Net OPEB Liability</b>	<b>3,690,129</b>	<b>123,772</b>	<b>1,044,149</b>	<b>2,769,752</b>	<b>0</b>
<b>Total Governmental Activities</b>	<b>\$75,449,167</b>	<b>\$19,620,732</b>	<b>\$3,684,705</b>	<b>\$91,385,194</b>	<b>\$2,413,911</b>

The general obligation debt is supported by the General Fund.

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In 2017, the City issued Central Park Special Assessment Bonds. TIF revenues from all incremental property taxes are paid from parcels within the TIF district as defined by the City encompassing the project known as the “Central Park Bond”. These incremental taxes on the TIF district will be collected by the Hamilton County Auditor and disbursed to the City of Norwood for the payment of the bonds.

In 2022, the Special Obligation Refunding Revenue Bonds were issued in the amount of \$6,325,000 to refund \$6,300,000 the 2013 Tax Increment Financing Bonds. These bonds are paid from the incremental property taxes are paid from parcels within the TIF district as defined by the City.

In 2015, the Rookwood Exchange Tax Increment Financing Bonds were issued in the amount of \$20,350,000. TIF Revenues from all incremental property taxes are paid from parcels within the TIF district as defined by the City. These incremental taxes on the TIF district will be collected by the Hamilton County Auditor and disbursed to the City of Norwood for the payment of bonds.

During 2003, the City entered into a loan agreement with the Ohio Public Works Commission to help resurface Williams Avenue. This is an interest free, 20 year loan and the maturity date is January 1, 2024.

During 2003, the City entered into a loan agreement with the Ohio Public Works Commission for the Montgomery Road Phase II project. This is an interest free, 20 year loan and the maturity date is July 1, 2024.

During 2019, the City entered into a loan agreement with the Ohio Public Works Commission for the Forest Avenue Street Improvement project. This is an interest free, 30 year loan and the maturity date is July 1, 2049. The OPWC is paid for by Permissive Tax collections.

During 2016, the City entered into a loan agreement with the Ohio Public Works Commission for the Beech Street Improvement project. This is an interest free, 30 year loan and the maturity date is July 1, 2046. The OPWC is paid for by Permissive Tax collections.

During 2017, the City entered into a loan agreement with the Ohio Public Works Commission for the Williams Avenue project. This is an interest free, 30 year loan and the maturity date is July 1, 2047. The OPWC is paid for by Permissive Tax collections.

During 2017, the City entered into a loan agreement with the Ohio Public Works Commission for the Hunter Avenue Improvement project. This is an interest free, 30 year loan and the maturity date is July 1, 2047. The OPWC is paid for by Permissive Tax collections.



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During 2021, the City entered into a loan agreement with the Ohio Public Works Commission for the Indian Mound Street Improvement project. This is an interest free, 20 year loan and the maturity date is January 1, 2042. The OPWC is paid for by Permissive Tax collections.

During 2022, the City entered into a loan agreement with the Ohio Public Works Commission for the Slane Avenue Improvement project. This is an interest free, 30 year loan and the maturity date is January 1, 2053. The OPWC is paid for by Permissive Tax collections

During 2022, the City entered into a loan agreement with the Ohio Public Works Commission for the Regent Avenue Improvement project. This is an interest free, 30 year loan and the maturity date is July 1, 2052. The OPWC is paid for by Permissive Tax collections.

Police and Fire Past Service Liability

The City's accrued past service liability to the Ohio Police and Fire Pension Fund (OP&F) was determined and became a legal obligation to the State at the date the City became a participant in OP&F. The principal and interest payments are recorded in the security of persons and property expenditures in the general fund on the governmental fund statements.

The Police and Fire Pension Liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement.

Contracts Payable

Contracts payable represent long-term contractual agreements for the payment of refunded bonds issued by the Port of Greater Cincinnati Development Authority (Port). Each contract payable was originally debt issued by the City. The City debt obligations were paid off by the refunding bond debt proceeds of the Port.

The City pledged the Cornerstone net service payments (revenue in lieu of taxes) to assist in paying the Cornerstone Taxable Development Revenue Bonds, Series 2021D of the Port for \$9,240,000. The City paid \$605,000 in 2023.

The City pledged the Linden Pointe and Paycor net service payments (revenue in lieu of taxes) to assist in paying the Series 2021 Various Purpose Refunding Development Revenue Bonds of the Port for \$7,095,000. The City paid \$240,000 in 2023.

**Leases**

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The City had outstanding agreements to lease vehicles. Due to the implementation of GASB Statement 87, these leases plus existing prior year capital leases have met the criteria of leases thus requiring them to be recorded by the City. The lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. All outstanding lease agreements were paid off during the year.

**Financed Purchase**

During 2021, the City entered into a financed purchase for a new fire truck. This agreement met the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt expenditures in the fund financial statements. Principal payments made during fiscal year 2023 on the vehicle totaled \$131,868. Payments are made from the General Fund.

The agreements provides for minimum annual financed purchase payments as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2024	\$135,948	\$8,543
2025	140,155	4,336
Totals	<u>\$276,103</u>	<u>\$12,879</u>

Compensated absences will be paid from the General Fund. The lease liability will be paid from the General Fund.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension and net OPEB liabilities see Notes 14 and 15.

Changes in the long-term obligations reported in business-type activities of the City during 2023 were as follows:

<u>Business-Type Activities</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
<u>Types/Issues</u>	<u>12/31/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/23</u>	<u>One Year</u>
2009 OPWC Smith Road Waterline from Direct Borrowing - 0% \$529,890	\$335,598	\$0	\$17,663	\$317,935	\$17,663
2023 OWDA Water System Improvements from Direct Borrowing - 2.41%	0	476,778	0	476,778	0
Compensated Absences	153,346	2,702	74,983	81,065	26,992
Net Pension Liability - OPERS	263,964	727,090	0	991,054	0
Net OPEB Liability - OPERS	0	20,151	0	20,151	0
Total	<u>\$752,908</u>	<u>\$1,226,721</u>	<u>\$92,646</u>	<u>\$1,886,983</u>	<u>\$44,655</u>

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During 2009, the City entered into a loan agreement with the Ohio Public Works Commission to help fund improvements of the water distribution system. This is an interest free loan and the maturity date is January 1, 2041.

During 2023, the City entered into a loan agreement with the Ohio Water Development Authority to help fund water system improvements. The loan amount for this project has not been issued in full and the final payment schedule is not available. The liability recorded for this loan in the Water Fund is \$476,778.

Compensated absences will be paid from the Water Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the Water Fund. For additional information related to the net pension and net OPEB liabilities see Notes 14 and 15.

As of December 31, 2023, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$40,300,312 and the un-voted debt margin was \$10,057,184.

**Annual Long-Term Debt Requirements**

Principal and interest requirements to retire the City's long-term obligations outstanding at year-end are as follows:

<u>Year</u>	Governmental Activities		
	OPWC		
	Loans		
	From Direct Borrowing	Tax Increment Financing and Refunding Revenue Bonds	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2024	\$120,396	\$685,000	\$1,613,935
2025	92,457	730,000	1,567,389
2026	76,876	780,000	1,517,722
2027	76,876	835,000	1,464,559
2028	76,876	895,000	1,407,401
2029-2033	384,376	5,475,000	6,029,806
2034-2038	384,376	7,570,000	3,925,083
2039-2043	349,185	6,665,000	986,423
2044-2048	261,631	0	0
2049-2053	166,455	0	0
Totals	\$1,989,504	\$23,635,000	\$18,512,318

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Year	Governmental Activities Special Assessment Bond		Governmental Activities Police and Fire Past Service Liability		Business Type Activities OPWC Loans From Direct Borrowing
	Principal	Interest	Principal	Interest	Principal
2024	\$40,000	\$150,600	\$93,952	\$56,544	\$17,663
2025	40,000	148,200	97,988	52,508	17,663
2026	45,000	145,800	102,197	48,300	17,663
2027	50,000	143,100	106,586	43,910	17,663
2028	55,000	140,100	111,164	39,332	17,663
2029-2033	355,000	645,000	631,677	120,805	88,315
2034-2038	530,000	518,700	210,123	8,851	88,315
2039-2043	780,000	331,800	0	0	52,990
2044-2048	615,000	75,600	0	0	0
2049-2053	0	0	0	0	0
Totals	<u>\$2,510,000</u>	<u>\$2,298,900</u>	<u>\$1,353,687</u>	<u>\$370,250</u>	<u>\$317,935</u>

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The pool covers the following risks: general liability and casualty, public official's liability, cyber, law enforcement liability, automobile liability, vehicles, property, and equipment breakdown.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2022</u>
Cash and Investments	\$42,310,794
Actuarial Liabilities	15,724,479

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to the Pool for each year of membership. The City's contributions for the last three years are:

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<u>Contributions to PEP</u>	<u>Amount</u>
2021	208,468
2022	246,567
2023	232,093

**NOTE 14 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose

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corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension asset or a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

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

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

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. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring 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.

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

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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.

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

	State and Local
	Traditional
<b>2023 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2023 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder a portion of the health care rate is funded with reserves. going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City's contractually required contribution was \$542,645 for the traditional plan and \$2,461 for the member-directed plan. Of these amounts, \$40,858 is reported as an intergovernmental payable for the traditional plan and \$185 for the member-directed plan.



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

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

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

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

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

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

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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:

	Police	Firefighters
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2023 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$1,936,774 for 2023. Of this amount, \$148,245 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was \$1,353,687 payable in semi-annual payments through the year 2035.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2022, 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, 2022, and was determined by rolling forward the total pension liability

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as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS		
	Traditional Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.02396400%	0.37164150%	
Prior Measurement Date	0.02167107%	0.33666420%	
Change in Proportionate Share	<u>0.00229293%</u>	<u>0.03497730%</u>	
Proportionate Share of the:			
Net Pension Liability	\$7,078,976	\$35,302,341	\$42,381,317
Pension Expense	1,175,881	3,721,074	4,896,955

2023 pension expense for the member-directed defined contribution plan was \$2,461. The aggregate pension expense for all pension plans was a negative \$4,899,416 for 2023.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS		
	Traditional Plan	OP&F	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$235,133	\$529,519	\$764,652
Changes of assumptions	74,785	3,184,150	3,258,935
Net difference between projected and actual earnings on pension plan investments	2,017,731	5,139,587	7,157,318
Changes in proportion and differences between City contributions and proportionate share of contributions	242,111	2,096,901	2,339,012
City contributions subsequent to the measurement date	542,645	1,936,774	2,479,419
Total Deferred Outflows of Resources	<u>\$3,112,405</u>	<u>\$12,886,931</u>	<u>\$15,999,336</u>

	OPERS		
	Traditional Plan	OP&F	Total
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$0	\$804,290	\$804,290
Changes of assumptions	0	688,386	688,386
Changes in proportion and differences between City contributions and proportionate share of contributions	5,231	430,053	435,284
Total Deferred Inflows of Resources	<u>\$5,231</u>	<u>\$1,922,729</u>	<u>\$1,927,960</u>

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\$2,479,419 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2024. 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
2024	\$432,648	\$892,567	\$1,325,215
2025	549,540	2,148,067	2,697,607
2026	593,917	2,387,270	2,981,187
2027	988,424	3,337,774	4,326,198
2028	0	261,750	261,750
Total	\$2,564,529	\$9,027,428	\$11,591,957

**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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

During 2022, 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 12.1 percent for 2022.

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, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 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%)	Discount Rate (6.90%)	1% Increase (7.90%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$10,604,070	\$7,078,976	\$4,146,731

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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, 2022, are presented below.

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Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, 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.

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

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2.5x



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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 2022, 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$46,570,598	\$35,302,341	\$25,935,036

**NOTE 15 – DEFINED BENEFIT OPEB PLANS**

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose

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of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit.

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

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Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$750 for 2023. Of this amount, \$57 is reported as an intergovernmental payable.

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

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

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

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.

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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](http://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 2023, 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 \$45,327 for 2023. Of this amount, \$3,485 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December

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31, 2022, 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, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02282600%	0.37164150%	
Prior Measurement Date	<u>0.02109899%</u>	<u>0.33666420%</u>	
Change in Proportionate Share	<u>0.00172701%</u>	<u>0.03497730%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$143,923	\$2,645,980	\$2,789,903
OPEB Expense	(\$256,285)	(\$283,077)	(\$539,362)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$0	\$157,896	\$157,896
Changes of assumptions	140,572	1,318,611	1,459,183
Net difference between projected and actual earnings on pension plan investments	285,835	226,946	512,781
Changes in proportion and differences between City contributions and proportionate share of contributions	1,107	300,048	301,155
City contributions subsequent to the measurement date	<u>750</u>	<u>45,327</u>	<u>46,077</u>
Total Deferred Outflows of Resources	<u>\$428,264</u>	<u>\$2,048,828</u>	<u>\$2,477,092</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$35,900	\$521,734	\$557,634
Changes of assumptions	11,567	2,164,196	2,175,763
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>736</u>	<u>1,066,974</u>	<u>1,067,710</u>
Total Deferred Inflows of Resources	<u>\$48,203</u>	<u>\$3,752,904</u>	<u>\$3,801,107</u>

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\$46,077 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. 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	OP&F	Total
2024	\$47,147	(\$534,209)	(\$487,062)
2025	104,950	(472,317)	(367,367)
2026	89,133	(96,671)	(7,538)
2027	138,081	(23,432)	114,649
2028	0	(177,108)	(177,108)
Thereafter	0	(445,666)	(445,666)
Total	<u>\$379,311</u>	<u>(\$1,749,403)</u>	<u>(\$1,370,092)</u>

**Actuarial Assumptions - OPERS**

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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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.

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

During 2022, 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 contribution 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 15.6 percent for 2022.

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, 2022, these best estimates are summarized in the following table:



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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 4.05 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	<u>1% Decrease (4.22%)</u>	<u>Current Discount Rate (5.22%)</u>	<u>1% Increase (6.22%)</u>
City’s proportionate share of the net OPEB liability	\$489,846	\$143,923	(\$141,521)

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***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability 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 or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or 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 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City’s proportionate share of the net OPEB liability	\$134,902	\$143,923	\$154,076

**Actuarial Assumptions – OP&F**

OP&F’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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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, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, 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.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

The most recent experience study was completed for the five year period ended December 31, 2021.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

**Discount Rate** For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 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, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 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 (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

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	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$3,258,276	\$2,645,980	\$2,129,045

**NOTE 16 – OTHER EMPLOYEE BENEFITS**

**Deferred Compensation**

City employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The Deferred pay and income earned on it is not subject to federal and State income until actually received by the employee. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**Insurance**

Medical/surgical benefits are provided to full-time City employees. The provider of these benefits is Anthem BC/BS Health Care. The City pays between 80 and 100 percent of the single monthly premiums depending on which plan and coverage is selected. The cost of the premium varies with each employee depending on the plan and coverage selected.

**NOTE 17 – INTERFUND ACTIVITY**

The General Fund advanced monies to the Parks Fund, the outstanding balance is \$10,711. The Permissive Tax fund advanced monies to the Water Fund, the outstanding balance is \$8,831.

**NOTE 18 – JOINTLY GOVERNED ORGANIZATION**

The City participates in the Ohio Energy Special Improvement District, Inc. (SID), a 501(c)(3) not for profit corporation. The SID was created to encourage and participate in programs which maintain, improve, and expand the central business district as a viable business, cultural, and recreational community, to provide programming which will preserve the economic well-being and employment opportunities in the central business district, and to encourage and participate in programs to preserve the aesthetic, architectural, and historical character of the central business district. The SID is governed by an eight member board of trustees consisting of the Mayor of the City of Norwood, Ohio. The Board exercises total control over the operation of the SID including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to it's representation on the Board. The City did not make any contributions to the SID.

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**NOTE 19 – SHARED RISK POOL**

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

Pursuant to a contract, the firm of Wells Fargo Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 10100 Innovation Drive, Dayton, Ohio, 45342.

**NOTE 20 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances 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 fiscal year were as follows:

Governmental Funds:	
General Fund	\$351,274
Nonmajor Governmental Funds	1,184,897
Total Governmental Funds	1,536,171
Proprietary Funds:	
Water Fund	42,763
Refuse Fund	27,380
Total Proprietary Funds	70,143
Total	\$1,606,314

**Contractual Commitments**

As of December 31, 2023, the City had the following commitments with respect to capital projects:

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Project	Contractual Commitments
Forest Ave. Reconstruction CB10V	\$176,321
Beech St. CB04S	15,995
Williams Ave. CB13T	134,750
Hunter Ave. CB08T	81,667
Williams Ave. Resurface CB14F	12,354
Montgomery Road CB11F	46,744
Indian Mound CB07X	434,038
Regent Ave. CB16Y	645,733
Slane Ave. CB32Y	441,894
Smith Road CB29M	\$317,934

**NOTE 21 – CONTINGENCIES**

**Litigation**

The City is party to legal proceedings. The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Federal and State Grants**

For the period January 1, 2023, to December 31, 2023, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 22 – FISCAL EMERGENCY**

On October 6, 2016, the Auditor of State declared the City of Norwood to be in a state of fiscal emergency in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of a representative of the Office of Budget and Management, a representative of the Treasurer of State, the Mayor, the President of City Council, and three individuals appointed by the Governor who are residents of the City and meet certain criteria. In accordance with Section 118.06 of the Ohio Revised Code, the City is required to submit to the Commission a financial recovery plan for the City which outlines the measures to be taken to eliminate the fiscal emergency conditions. The initial recovery plan was approved by the City on July 5, 2017. The last amended recovery plan is dated April 2, 2024.

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**NOTE 23 – COMPONENT UNIT – CITY OF NORWOOD BOARD OF HEALTH**

**Description of Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the City of Norwood Board of Health (the Board) as a body corporate and politic. A five member Board and a Health Commissioner govern the Board. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Board is a legally separate organization. Among its various duties, the Board provides for the prompt diagnosis and control of communicable diseases. The Board may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board is operated by a board with all members being appointed by the City. The rates charged by the Board are subject to the approval of City Council.

**Summary of Significant Accounting Policies**

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Basis of Presentation**

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

**Fund Accounting**

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Board's general fund and the grants special revenue fund are both governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Measurement Focus**

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



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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include grants. Revenue from grants are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB.

In addition to liabilities, the statement of financial position report a separate section of 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 Board, deferred inflows of resources, include pension and OPEB.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**Cash and Cash Equivalents**

The City of Norwood's Auditor's Office is custodian for the Board's deposits. The City's deposit and investment pool holds the Board's assets, valued at the Auditor's Office reported carrying amount.

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**Estimates**

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

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

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Net Position**

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

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which both restricted and unrestricted net position is available.

**Deposits and Investments**

Cash balances of the Board's funds are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained by the City of Norwood's Auditor's Office as they are the custodians for the Board assets. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements and is valued at the City Auditor's reported carrying amount.

**Receivables**

Receivables at December 31, 2023, consisted of \$10,949 due from City of Norwood.

**Risk Management**

*Casualty Coverage*

The Board is covered under the City of Norwood's insurance coverage. During 2023, the City contracted with USI Insurance Services for various types of insurance.

**Other Employee Benefits**

*Deferred Compensation*

The Board's employee may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The deferred pay and income earned on it is not subject to federal and State income until actually received by the employee. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

*Insurance*

Medical/surgical benefits are provided to full-time Board employees. The provider of these benefits is Anthem BC/BS Health Care. The Board pays between 80 and 100 percent of the single monthly premiums depending on which plan and coverage is selected. The cost of the premium varies with each employee depending on the plan and coverage selected.

**Defined Benefit Pension Plan**

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

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

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

The net pension/OPEB liability (asset) represent the Board'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) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

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

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

Board employees 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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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.

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. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring 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.

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.

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

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	State and Local
	Traditional
<b>2023 Actual Contribution Rates</b>	
Employer	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2023, the Board’s contractually required contribution was \$10,360 for the traditional plan, of which \$796 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability (asset) was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the Board’s defined benefit pension plans:

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	OPERS Traditional Plan
Proportion of the Net Pension Liability/Asset:	
Current Measurement Date	0.00038400%
Prior Measurement Date	0.00043193%
Change in Proportionate Share	-0.00004793%
Proportionate Share of the:	
Net Pension Liability	\$113,434
Pension Expense	44,839

At December 31, 2023, the Board reported deferred outflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$3,768
Changes of assumptions	1,199
Net difference between projected and actual earnings on pension plan investments	32,332
Changes in proportion and differences between Board contributions and proportionate share of contributions	9,972
Board contributions subsequent to the measurement date	10,360
Total Deferred Outflows of Resources	\$57,631
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$5,061

\$10,360 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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	OPERS Traditional Plan
Year Ending December 31:	
2024	\$10,936
2025	5,918
2026	9,517
2027	15,839
Total	\$42,210

**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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

During 2022, 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 12.1 percent for 2022.

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, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions

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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 Board's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*** The following table presents the Board'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 Board'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%)	Discount Rate (6.90%)	1% Increase (7.90%)
<b>Board's proportionate share of the net pension liability</b>			
OPERS Traditional Plan	\$169,920	\$113,434	\$66,447

**Defined Benefit OPEB Plans**

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

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OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit.

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

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When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined

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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; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board had no contractually required contribution for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00035800%
Prior Measurement Date	0.00040201%
Change in Proportionate Share	-0.00004401%
Proportionate Share of the Net OPEB Liability	\$2,259
 OPEB Expense	 \$3,400

At December 31, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS
<b>Deferred Outflows of Resources</b>	
Changes of assumptions	\$2,205
Net difference between projected and actual earnings on OPEB plan investments	4,483
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,516
Total Deferred Outflows of Resources	\$8,204
 <b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$563
Changes of assumptions	181
Changes in proportion and differences between Board contributions and proportionate share of contributions	28
Total Deferred Inflows of Resources	\$772

There is no amount reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2024	\$2,239
2025	1,629
2026	1,397
2027	2,167
Total	\$7,432

**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

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pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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.

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

During 2022, 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 contribution 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 15.6 percent for 2022.



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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, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 4.05 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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***Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the Board's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Board's proportionate share of the net OPEB liability	\$7,683	\$2,259	(\$2,220)

***Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or 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 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board's proportionate share of the net OPEB liability	\$2,116	\$2,259	\$2,417

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**Long-Term Obligations**

A schedule of changes in long-term obligations of the Board during 2023 follows:

Types/Issues	Balance 12/31/22	Increases	Decreases	Balance 12/31/23	Due Within One Year
Compensated Absences	\$4,294	\$1,289	\$0	\$5,583	\$95
<u>Net Pension Liability:</u>					
OPERS	37,579	75,855	0	113,434	0
<u>Net OPEB Liability:</u>					
OPERS	0	2,259	0	2,259	0
Total Governmental Activities	<u>\$41,873</u>	<u>\$79,403</u>	<u>\$0</u>	<u>\$121,276</u>	<u>\$95</u>

Compensated Absences will be paid from the General Fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the General Fund.

**Significant Commitments**

*Encumbrances*

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances 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 following year were \$14,395 and \$53,612 in the General Fund and the Grants Fund, respectively.

**City of Norwood, Ohio**  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.02396400%	0.02167107%	0.02181846%	0.02185800%
City's Proportionate Share of the Net Pension Liability	\$7,078,976	\$1,885,472	\$3,230,838	\$4,320,382
City's Covered Payroll	\$3,708,100	\$3,145,200	\$3,072,964	\$3,075,393
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.91%	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

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

See Accompanying Notes To The Required Supplementary Information.

2019	2018	2017	2016	2015	2014
0.02672000%	0.02224500%	0.02241400%	0.02444100%	0.02393400%	0.02393400%
\$6,209,401	\$3,489,810	\$5,089,838	\$4,233,490	\$2,886,707	\$2,821,507
\$3,062,250	\$2,938,277	\$2,901,125	\$3,039,567	\$2,934,125	\$3,177,538
202.77%	118.77%	175.44%	139.28%	98.38%	88.80%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

**City of Norwood, Ohio**  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the  
 Net Pension Liability  
 Ohio Public Employees Retirement System - Combined Plan  
 Last Six Years (1)

	2023	2022	2021
City's Proportion of the Net Pension Liability	0.00000000%	0.00000000%	0.00000000%
City's Proportionate Share of the Net Pension Asset	\$0	\$0	\$0
City's Covered Payroll	\$0	\$0	\$0
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.14%	169.88%	157.67%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

For years 2019 to 2023, the City had no employees that participated in the combined plan.

See Accompanying Notes To The Required Supplementary Information.

2020	2019	2018
0.00000000%	0.00000000%	0.00685300%
\$0	\$0	\$9,330
\$0	\$0	\$28,062
0.00%	0.00%	-33.25%
145.28%	126.64%	137.28%

**City of Norwood, Ohio**  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the  
 Net OPEB Liability (Asset)  
 Ohio Public Employees Retirement System - OPEB Plan  
 Last Seven Years (1)

	2023	2022	2021
City's Proportion of the Net OPEB Liability (Asset)	0.022282600%	0.021098990%	0.021226000%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$143,923	(\$660,853)	(\$378,159)
City's Covered Payroll	\$3,792,575	\$3,290,100	\$3,210,064
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%

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

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

See Accompanying Notes To The Required Supplementary Information.



2020	2019	2018	2017
0.021232000%	0.022032000%	0.021900000%	0.022130000%
\$2,932,691	\$2,872,452	\$2,378,179	\$2,235,205
\$3,207,668	\$3,195,725	\$3,100,689	\$3,062,967
91.43%	89.88%	76.70%	72.98%
47.80%	46.33%	54.14%	54.04%

**City of Norwood, Ohio**  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 Ohio Police and Fire Pension Fund  
 Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.37164150%	0.33666420%	0.33440950%	0.33511090%
City's Proportionate Share of the Net Pension Liability	\$35,302,341	\$21,032,831	\$22,796,996	\$22,574,859
City's Covered Payroll	\$9,134,300	\$7,754,584	\$8,093,975	\$7,826,068
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	386.48%	271.23%	281.65%	288.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

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

See Accompanying Notes To The Required Supplementary Information.

2019	2018	2017	2016	2015	2014
0.34976700%	0.38534000%	0.42762300%	0.39166280%	0.39166280%	0.39166280%
\$28,550,229	\$23,650,056	\$27,085,212	\$28,626,776	\$20,289,766	\$19,075,207
\$8,055,832	\$12,902,347	\$8,632,814	\$6,367,270	\$7,696,906	\$5,493,037
354.40%	183.30%	313.75%	449.59%	263.61%	347.26%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.37164150%	0.33666420%	0.33440950%	0.33511090%
City's Proportionate Share of the Net OPEB Liability	\$2,645,980	\$3,690,129	\$3,543,123	\$3,310,136
City's Covered Payroll	\$9,134,300	\$7,754,584	\$8,093,975	\$7,826,068
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	28.97%	47.59%	43.77%	42.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.40%	47.08%

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

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

See Accompanying Notes To The Required Supplementary Information.

2019	2018	2017
0.34976700%	0.38534000%	0.42762300%
\$3,185,165	\$21,832,824	\$20,298,302
\$8,055,832	\$12,902,347	\$8,632,814
39.54%	169.22%	235.13%
46.57%	14.13%	15.96%

**City of Norwood, Ohio**  
Required Supplementary Information  
Schedule of the City's Contributions  
Ohio Public Employees Retirement System  
Last Ten Years (1)(2)

	2023	2022	2021	2020
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$542,645	\$519,134	\$440,328	\$430,215
Contributions in Relation to the Contractually Required Contribution	<u>(542,645)</u>	<u>(519,134)</u>	<u>(440,328)</u>	<u>(430,215)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,876,036	\$3,708,100	\$3,145,200	\$3,072,964
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - Combined Plan</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$0	\$0	\$0	\$0
Pension Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Net OPEB Liability - OPEB Plan</b>				
Contractually Required Contribution	\$750	\$3,379	\$5,796	\$5,484
Contributions in Relation to the Contractually Required Contribution	<u>(750)</u>	<u>(3,379)</u>	<u>(5,796)</u>	<u>(5,484)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$3,898,972	\$3,792,575	\$3,290,100	\$3,210,064
OPEB Contributions as a Percentage of Covered Payroll	<u>0.02%</u>	<u>0.09%</u>	<u>0.18%</u>	<u>0.17%</u>

- (1) Information prior to 2016 is not available for the combining plan.
- (2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes To The Required Supplementary Information.

2019	2018	2017	2016	2015	2014
\$430,555	\$428,715	\$381,976	\$348,135	\$364,748	\$352,095
<u>(430,555)</u>	<u>(428,715)</u>	<u>(381,976)</u>	<u>(348,135)</u>	<u>(364,748)</u>	<u>(352,095)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,075,393	\$3,062,250	\$2,938,277	\$2,901,125	\$3,039,567	\$2,934,125
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$0	\$0	\$3,648	\$3,482		
<u>0</u>	<u>0</u>	<u>(3,648)</u>	<u>(3,482)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$0	\$0	\$28,062	\$29,017		
<u>0.00%</u>	<u>0.00%</u>	<u>13.00%</u>	<u>12.00%</u>		
\$5,291	\$5,339	\$35,037	\$63,916		
<u>(5,291)</u>	<u>(5,339)</u>	<u>(35,037)</u>	<u>(63,916)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$3,207,668	\$3,195,725	\$3,100,689	\$3,062,967		
<u>0.16%</u>	<u>0.17%</u>	<u>1.13%</u>	<u>2.09%</u>		

**City of Norwood, Ohio**  
Required Supplementary Information  
Schedule of the City's Contributions  
Ohio Police and Fire Pension Fund  
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,936,774	\$1,941,557	\$1,656,135	\$1,727,611
Contributions in Relation to the Contractually Required Contribution	<u>(1,936,774)</u>	<u>(1,941,557)</u>	<u>(1,656,135)</u>	<u>(1,727,611)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$9,065,497	\$9,134,300	\$7,754,584	\$8,093,975
Pension Contributions as a Percentage of Covered Payroll	<u>21.36%</u>	<u>21.26%</u>	<u>21.36%</u>	<u>21.34%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$45,327	\$45,671	\$38,773	\$40,470
Contributions in Relation to the Contractually Required Contribution	<u>(45,327)</u>	<u>(45,671)</u>	<u>(38,773)</u>	<u>(40,470)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.86%</u>	<u>21.76%</u>	<u>21.86%</u>	<u>21.84%</u>

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

See Accompanying Notes To The Required Supplementary Information.



2019	2018	2017	2016	2015	2014
\$1,678,411	\$1,731,489	\$2,760,003	\$1,836,799	\$1,356,782	\$1,639,083
(1,678,411)	(1,731,489)	(2,760,003)	(1,836,799)	(1,356,782)	(1,639,083)
\$0	\$0	\$0	\$0	\$0	\$0
\$7,826,068	\$8,055,832	\$12,902,347	\$8,632,814	\$6,367,270	\$7,696,906
21.45%	21.49%	21.39%	21.28%	21.31%	21.30%
\$39,130	\$40,279	\$64,512	\$43,164	\$31,836	\$38,484
(39,130)	(40,279)	(64,512)	(43,164)	(31,836)	(38,484)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
21.95%	21.99%	21.89%	21.78%	21.81%	21.80%

**CITY OF NORWOOD**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

**Changes in Assumptions – OPERS Pension – Traditional Plan**

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

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

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple 5.50 to 5.00 percent

Amounts reported beginning in 2022 use pre-retirement mortality rates 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 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 these tables.

**CITY OF NORWOOD**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

**Changes in Assumptions – OPERS Pension – Combined Plan**

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021, and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

**Changes in Assumptions – OP&F Pension**

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

**CITY OF NORWOOD**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

Prior to 2023, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

**CITY OF NORWOOD**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

**Changes in Assumptions – OPERS OPEB**

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
*Government Auditing Standards***

City of Norwood  
Hamilton County  
4645 Montgomery Road  
Norwood, Ohio 45212

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norwood, Hamilton County, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 22, 2024.

***Report on Internal Control Over Financial Reporting***

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

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

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

Members of Council  
City of Norwood, Hamilton County  
Independent Auditor’s Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

***J. L. Uhrig and Associates, Inc.***

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

August 22, 2024

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF NORWOOD**

**HAMILTON COUNTY**

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

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



**Certified for Release 10/17/2024**

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

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