



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF MARIETTA
WASHINGTON COUNTY
DECEMBER 31, 2023**

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WASHINGTON COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marietta, Washington County, Ohio (City), as of and for the year ended December 31, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marietta, Washington County, Ohio, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, Community Development Fund, and Local Fiscal Recovery Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2023, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements and restated capital assets due to accumulated depreciation from prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Other Post-Employment Benefit Liabilities/(Assets) and Pension and Other Post-Employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and,

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 3, 2025

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City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The discussion and analysis of the City of Marietta's financial performance provides an overall review of the City's financial activities for the year ended December 31, 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 the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$6,191,444. Net position of governmental activities increased \$1,741,147; the business-type activities increased in the amount of \$4,450,297.
- General governmental revenues accounted for \$16,945,075 in revenues or 54 percent of all revenues in governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$14,645,640 or 46 percent of total revenues of \$31,590,715.

Using this Annual Financial Report

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

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

Reporting the City of Marietta as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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

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

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

Reporting the City of Marietta's Most Significant Funds

Fund Financial Statements

Fund financial statements begin on page 18. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Marietta, our major funds are the General Fund; the Street, Community Development, and Local Fiscal Recovery Special Revenue Funds; and the Sewer and Water Enterprise Funds.

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

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

The City of Marietta as a Whole

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022, which has been restated. See Note 3 for more information on the restatement and its effect on net position.

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$18,144,073	\$20,571,873	\$11,940,533	\$11,902,496	\$30,084,606	\$32,474,369
Capital Assets, Net	52,312,297	51,933,819	55,248,629	50,858,198	107,560,926	102,792,017
<i>Total Assets</i>	<u>70,456,370</u>	<u>72,505,692</u>	<u>67,189,162</u>	<u>62,760,694</u>	<u>137,645,532</u>	<u>135,266,386</u>
Deferred Outflows of Resources						
Pension	8,611,027	4,873,371	1,728,866	585,914	10,335,566	5,459,285
OPEB	1,347,044	1,085,324	266,915	17,527	1,613,457	1,102,851
Asset Retirement Obligations	0	0	1,244,472	1,213,771	1,244,472	1,213,771
<i>Total Deferred Outflows of Resources</i>	<u>9,958,071</u>	<u>5,958,695</u>	<u>3,240,253</u>	<u>1,817,212</u>	<u>13,193,495</u>	<u>7,775,907</u>
Liabilities						
Current and Other Liabilities	5,610,842	9,251,048	3,429,547	849,386	9,040,389	10,100,434
Long-term Liabilities						
Due Within One Year	871,275	794,617	854,477	581,248	1,725,752	1,375,865
Due in More Than One Year:						
Net Pension Liability	24,488,127	13,824,936	4,265,784	1,348,765	28,753,911	15,173,701
Net OPEB Liability	1,424,346	2,004,848	88,489	0	1,512,835	2,004,848
Other Amounts	6,186,501	6,732,272	36,707,441	39,191,975	42,893,942	45,924,247
<i>Total Liabilities</i>	<u>38,581,091</u>	<u>32,607,721</u>	<u>45,345,738</u>	<u>41,971,374</u>	<u>83,926,829</u>	<u>74,579,095</u>
Deferred Inflows of Resources						
Property Taxes	814,590	841,262	0	0	814,590	841,262
Pension	1,512,576	7,003,673	116,427	1,633,888	1,624,676	8,637,561
OPEB	1,502,511	1,716,615	30,319	486,010	1,532,328	2,202,625
Leases	570,832	603,422	0	0	570,832	603,422
<i>Total Deferred Inflows of Resources</i>	<u>4,400,509</u>	<u>10,164,972</u>	<u>146,746</u>	<u>2,119,898</u>	<u>4,542,426</u>	<u>12,284,870</u>
Net Position						
Net Investment						
in Capital Assets	45,843,374	44,131,896	19,953,203	16,019,103	65,796,577	60,150,999
Restricted	8,345,910	6,747,545	0	4,170	8,345,910	6,751,715
Unrestricted (Deficits)	(16,756,443)	(15,187,747)	4,983,728	4,463,361	(11,772,715)	(10,724,386)
<i>Total Net Position</i>	<u>\$37,432,841</u>	<u>\$35,691,694</u>	<u>\$24,936,931</u>	<u>\$20,486,634</u>	<u>\$62,369,772</u>	<u>\$56,178,328</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension 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.

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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.

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

Total assets increased \$2,379,146. Governmental activities decreased \$2,049,322, while the business-type activities increased by \$4,428,468. The decrease in governmental activities is mostly driven by a decrease in equity in pool cash and cash equivalents due to the City spending down the cash held by the Local Fiscal Recovery Fund for American Rescue Plan grant monies. Coupled with that is a decrease in net OPEB asset due primarily to OPERS reporting a net OPEB liability in the current year, predominately due to earnings on OPEB plan investments. This was offset by an increase in intergovernmental receivable mainly driven by Community Development Block Grants. The increase in business-type activities is mostly driven by the construction in progress for the water treatment plant upgrades. This was offset with a decrease in net OPEB asset.

Total liabilities increased \$9,347,734. Governmental activities increased \$5,973,370 as well as business-type activities increased \$3,374,364. These increases for both governmental activities and business-type activities were mostly driven by the net pension liability increases. Changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension liability. The increase in governmental activities was offset by the decrease in unearned revenue in relation to the cash held by the Recovery Fund for American Rescue Plan grant monies. Decreases in contracts payable due to the completion of prior year paving project, also served as an offset to the increase in the net pension and liabilities. An increase in contracts payable due to the progress on the Water Treatment Plant compounded the increase in total liabilities of business-type activities.

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$3,927,906	\$3,493,194	\$9,886,580	\$8,887,722	\$13,814,486	\$12,380,916
Operating Grants, Contributions and Interest	9,179,835	8,242,406	0	7,966	9,179,835	8,250,372
Capital Grants and Contributions	1,537,899	6,691,134	4,385,635	267,983	5,923,534	6,959,117
Total Program Revenues	14,645,640	18,426,734	14,272,215	9,163,671	28,917,855	27,590,405
General Revenues						
Property Taxes	729,460	675,328	0	0	729,460	675,328
Income Taxes	14,453,349	13,522,708	0	0	14,453,349	13,522,708
Hotel Tax	334,857	329,846	0	0	334,857	329,846
Franchise Taxes	145,082	154,525	0	0	145,082	154,525
Grants and Entitlements	458,820	462,599	0	0	458,820	462,599
Gain on Sale of Capital Assets	40,767	79,117	27,769	0	68,536	79,117
Investment Earnings/Interest	562,026	132,986	0	0	562,026	132,986
Donations	16,511	39,449	0	0	16,511	39,449
Other	204,203	160,013	123,879	36,863	328,082	196,876
Total General Revenues	16,945,075	15,556,571	151,648	36,863	17,096,723	15,593,434
Total Revenues	31,590,715	33,983,305	14,423,863	9,200,534	46,014,578	43,183,839
Program Expenses						
General Government:						
Legislative and Executive	6,252,646	4,891,240	0	0	6,252,646	4,891,240
Court	2,160,319	1,648,371	0	0	2,160,319	1,648,371
Security of Persons and Property:						
Police	5,149,177	4,282,425	0	0	5,149,177	4,282,425
Fire	6,015,110	4,481,424	0	0	6,015,110	4,481,424
Other	8,175	0	0	0	8,175	0
Public Health Services	254,096	64,538	0	0	254,096	64,538
Intergovernmental	300,000	200,000	0	0	300,000	200,000
Community Environment	746,012	872,147	0	0	746,012	872,147
Intergovernmental	2,501,824	2,497,466	0	0	2,501,824	2,497,466
Street	4,770,992	3,447,937	0	0	4,770,992	3,447,937
Transportation	422,398	63,730	0	0	422,398	63,730
Leisure Time Activities	1,076,539	1,302,788	0	0	1,076,539	1,302,788
Interest Expense	192,280	204,649	0	0	192,280	204,649
Sewer	0	0	5,018,267	2,289,945	5,018,267	2,289,945
Water	0	0	4,955,299	2,652,946	4,955,299	2,652,946
Total Program Expenses	29,849,568	23,956,715	9,973,566	4,942,891	39,823,134	28,899,606
Changes in Net Position	1,741,147	10,026,590	4,450,297	4,257,643	6,191,444	14,284,233
Net Position Beginning of Year	35,691,694	25,665,104	20,486,634	16,228,991	56,178,328	41,894,095
Net Position End of Year	\$37,432,841	\$35,691,694	\$24,936,931	\$20,486,634	\$62,369,772	\$56,178,328

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. Incomes taxes reported an increase of \$930,641 for 2023 due to opening of some local businesses. The income tax rate is 1.85 percent. The City monitors this revenue source very closely for fluctuations because it represents 46 percent of all revenues in the governmental activities.

Operating and capital grants and contributions accounted for 73 percent of all program revenues. These revenues are not generated from the City's own resources. Such revenues are often unpredictable and accompanied by administrative requirements. The lower this percentage, the better in regards to independence. The City has been pursuing additional grants since COVID monies have stopped.

The other large change is investment earnings and other interest increase of \$429,040. The interest rate on the City's day-to-day banking accounts have seen significant increases from previous years.

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

Security of persons and property is the largest activity of the City. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the income and activities of the police department with grants to enable the police department to widen the scope of its activities. The operations of the fire department are also being supplemented by the third-party billings.

Street activities of the City accounted for 16 percent of the governmental expenses with an increase of \$1,323,055 in 2023. The increase is primarily due to increases in depreciation as prior year construction in progress assets were placed in service, as well as increases in Local Fiscal Recovery resources allocated to street programs.

Business-Type Activities

The City's business-type activities consist of the sewer and water departments. An increase in utility rates contributed to the increase in charges for services revenue. Program expenses for the business-type activities increased \$5,030,675 mostly driven by increase in contractual services related to non-capitalized costs of operations, as well as an increase in salaries and wages and fringe benefits related to pension and OPEB expense.

The City's Funds

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

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

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$30,474,251 and expenditures of \$29,955,257. Including other financing sources and uses, the total government fund balance increased \$1,085,003.

The General Fund is the primary operating fund of the City. The fund balance of the General Fund decreased \$88,321. The General Fund's Unassigned Fund Balance of \$1,904,794 represented 14 percent of current year expenditures. Most of this balance remains in the City's treasury and is invested.

The fund balance of the Street Fund increased \$575,712. This is primarily due a decrease in paving projects costs funded by local resources during 2023.

The fund balance of the Community Development Fund increased \$367,441. This increase is primarily due to receiving funding for Housing and Urban Development Grant.

The fund balance of the Local Fiscal Recovery Fund increased \$210,427. This increase is due to interest being received on the checking account for these funds. The unspent grant proceeds received by the City are offset by an unearned revenue liability until allowable costs are incurred.

During 2023, the Sewer Fund had operating revenues of \$5,807,310 and operating expenses of \$4,512,187. The Water Fund had operating revenues of \$4,184,301 and operating expenses of \$4,098,784. The major operating expenses for these funds are salaries and wages and fringe benefits.

General Fund Budgeting Highlights

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

During the course of 2023, the City amended its General Fund budgeted appropriations several times. Since the legal level of budgetary control is at the object level, any budgetary modifications at this level may only be made by resolution of the Council. All recommendations for a budget change are given to the City Auditor, who processes them when there are sufficient resources to make such a change and are then sent to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. Most of the expenditure changes are presented to the City Auditor by the Administration.

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

Estimated revenues were not amended during 2023. Actual revenues were \$179,395 less than estimated revenues. The original appropriations were increased \$56,066. All expenditure programs were increased due to higher anticipated spending. Actual expenditures were \$395,755 under final appropriations.

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

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Capital Assets and Debt Administration

Capital Assets

Note 10 (Capital Assets) provides capital asset activity during 2023. Table 3 shows year 2023 balances compared to 2022.

(Table 3)
Capital Assets at December 31, 2023

	Governmental Activities		Business-Type Activities		Total	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
Land	\$1,313,088	\$1,297,482	\$606,027	\$606,027	\$1,919,115	\$1,903,509
Buildings and Improvements	16,080,341	17,227,082	178,541	158,509	16,258,882	17,385,591
Machinery and Equipment	1,491,399	1,474,950	968,778	830,652	2,460,177	2,305,602
Vehicles	742,138	839,193	23,699	39,033	765,837	878,226
Infrastructure	30,511,085	26,821,744	44,254,152	43,578,405	74,765,237	70,400,149
Intangible Right to-Use -Vehicles	599,935	753,288	121,390	141,888	721,325	895,176
Intangible Right to-Use-Software	70,958	74,813	0	0	70,958	74,813
Construction in Progress	1,503,353	3,445,267	9,096,042	5,503,684	10,599,395	8,948,951
Totals	<u>\$52,312,297</u>	<u>\$51,933,819</u>	<u>\$55,248,629</u>	<u>\$50,858,198</u>	<u>\$107,560,926</u>	<u>\$102,792,017</u>

Debt

The City's overall debt limit at December 31, 2023, is \$30,368,608. Additional information on the City's debt can be found in Notes 11 and 14 of this report. Table 4 below is a summary of the City's debt obligations:

City of Marietta, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

(Table 4)
Outstanding Debt, at Year End

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
2014 Municipal Court Bonds	\$1,610,000	\$1,745,000	\$0	\$0
2014 Municipal Software Bonds	0	24,000	0	16,000
2014 Water Bonds	0	0	1,150,000	1,245,000
2014 Sewer Bonds	0	0	515,000	560,000
2020 Various Purpose Bonds	2,960,000	3,130,000	0	0
Armory Loan	100,000	150,000	0	0
OPWC Loans	621,032	459,215	447,534	491,193
OWDA Loans	0	0	33,101,061	35,154,237
Financed Purchases	350,482	453,154	104,384	105,623
Leases	599,935	753,288	121,390	141,888
Asset Retirement Obligation	0	0	1,917,916	1,843,345
Totals	<u>\$6,241,449</u>	<u>\$6,714,657</u>	<u>\$37,357,285</u>	<u>\$39,557,286</u>

Current Financial Issues

The City of Marietta's General Fund commenced the 2023 calendar year with an unencumbered cash balance of \$2,057,271. Total General Fund revenue came in at \$13,948,033 while expenditures ended the year at \$14,036,354. The City continues to experience snug operating positions in numerous funds.

The City did not implement a full scale Central Services Cost Allocation in 2023 given City Council's decision to step down on charges that have traditionally been levied. City Council approved to forgive the Street Fund three quarters of its cost allocation and the Capital Improvement Fund three quarters. The decision to relax the cost allocation will benefit the financial profiles of the funds that avoided the allocation charge.

The City continues to experience a high portion of personnel cost in its total General Fund spending profile. The City labor factions received two and one half percent raises in year 2023 pursuant to previously negotiated collective bargaining agreements along with the decision to extend the same pay increases to non-union ranks. Labor contracts call for another three percent increase in 2024. A major concern for future years centers around the present inflation rate and its ongoing expenditures nearly or already exceeding revenues.

The City has effectively mitigated the inflationary pressure on certain spend categories, most notably electricity and natural gas which are subject to a new four-year price lock through the end of 2027 and early 2028. Other commodity prices including gasoline and diesel fuel have been more impacted by recent inflationary trends and remain competitive through bidding processes. Additional future areas of concern attach to unfunded severance payments given the aging of the City work force along with health and medical plan premiums.

Contacting the City Auditor's Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with an overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sherri Hess, Marietta City Auditor, 301 Putnam Street, Marietta, Ohio 45750, 740-373-0473.

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City of Marietta, Ohio
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total*	Marietta and Belpre Joint Consolidated Health District
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,488,570	\$9,330,339	\$19,818,909	\$0
Cash and Cash Equivalents in Segregated Accounts	1,037,088	348,317	1,385,405	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	216,775
Investments	315,434	100,000	415,434	0
Hotel Taxes Receivable	41,910	0	41,910	0
Accounts Receivable	514,389	1,851,992	2,366,381	59,171
Accrued Interest Receivable	10,946	0	10,946	0
Intergovernmental Receivable	2,448,312	1,426	2,449,738	68,197
Municipal Income Tax Receivable	1,400,341	0	1,400,341	0
Materials and Supplies Inventory	72,933	122,568	195,501	0
Prepaid Items	340,903	185,891	526,794	14,413
Property Taxes Receivable	878,813	0	878,813	0
Leases Receivable	594,434	0	594,434	0
Non-Depreciable Capital Assets	2,816,441	9,702,069	12,518,510	0
Depreciable Capital Assets, Net	49,495,856	45,546,560	95,042,416	44,106
<i>Total Assets</i>	<u>70,456,370</u>	<u>67,189,162</u>	<u>137,645,532</u>	<u>402,662</u>
Deferred Outflows of Resources				
Pension	8,611,027	1,728,866	10,335,566	432,105
OPEB	1,347,044	266,915	1,613,457	56,039
Asset Retirement Obligations	0	1,244,472	1,244,472	0
<i>Total Deferred Outflows of Resources</i>	<u>9,958,071</u>	<u>3,240,253</u>	<u>13,193,495</u>	<u>488,144</u>
Liabilities				
Accounts Payable	314,814	91,426	406,240	1,178
Contracts Payable	581,896	2,720,999	3,302,895	0
Accrued Wages Payable	304,600	72,698	377,298	19,908
Retainage Payable	49,247	0	49,247	0
Accrued Interest Payable	17,028	7,239	24,267	0
Intergovernmental Payable	284,770	58,269	343,039	23,364
Unearned Revenue	2,821,364	0	2,821,364	0
Vacation and Compensatory Benefits Payable	1,237,123	269,936	1,507,059	40,018
Customer Deposits Payable	0	208,980	208,980	0
Long-Term Liabilities:				
Due Within One Year	871,275	854,477	1,725,752	0
Due In More Than One Year:				
Net Pension Liability	24,488,127	4,265,784	28,753,911	947,053
Net OPEB Liability	1,424,346	88,489	1,512,835	18,827
Other Amounts Due In More Than One Year	6,186,501	36,707,441	42,893,942	0
<i>Total Liabilities</i>	<u>38,581,091</u>	<u>45,345,738</u>	<u>83,926,829</u>	<u>1,050,348</u>
Deferred Inflows of Resources				
Property Taxes	814,590	0	814,590	0
Pension	1,512,576	116,427	1,624,676	1,739
OPEB	1,502,511	30,319	1,532,328	6,475
Leases	570,832	0	570,832	0
<i>Total Deferred Inflows of Resources</i>	<u>4,400,509</u>	<u>146,746</u>	<u>4,542,426</u>	<u>8,214</u>
Net Position				
Net Investment in Capital Assets	45,843,374	19,953,203	65,796,577	44,106
Restricted for:				
Street	1,792,465	0	1,792,465	0
Cemetery	40,507	0	40,507	0
Community Development	1,370,423	0	1,370,423	0
Fire Operations	2,311,369	0	2,311,369	0
Police Operations	251,448	0	251,448	0
Court Operations	1,060,631	0	1,060,631	0
Health	0	0	0	220,575
Security of Persons and Property-Other	1,900	0	1,900	0
Capital Projects	500,044	0	500,044	0
Perpetual Care:				
Expendable	6,601	0	6,601	0
Non-expendable	491,691	0	491,691	0
Park - Non-expendable	711	0	711	0
Unclaimed Monies	29,565	0	29,565	0
Other Purposes	488,555	0	488,555	0
Unrestricted (Deficit)	(16,756,443)	4,983,728	(11,772,715)	(432,437)
<i>Total Net Position</i>	<u>\$37,432,841</u>	<u>\$24,936,931</u>	<u>\$62,369,772</u>	<u>(\$167,756)</u>

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

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$6,252,646	\$1,205,275	\$244,292	\$0
Court	2,160,319	1,048,347	670,760	0
Security of Persons and Property:				
Police	5,149,177	98,865	404,508	0
Fire	6,015,110	715,838	219,812	0
Other	8,175	0	8,175	0
Public Health Services	254,096	36,575	199,794	0
Intergovernmental	300,000	0	0	0
Community Environment	746,012	0	1,013,013	6,076
Intergovernmental	2,501,824	0	3,440,247	0
Street	4,770,992	0	2,585,178	1,425,343
Transportation	422,398	61,870	160,697	0
Leisure Time Activities	1,076,539	761,136	233,359	106,480
Interest	192,280	0	0	0
<i>Total Governmental Activities</i>	<u>29,849,568</u>	<u>3,927,906</u>	<u>9,179,835</u>	<u>1,537,899</u>
Business-Type Activities				
Sewer	5,018,267	5,807,088	0	122,570
Water	4,955,299	4,079,492	0	4,263,065
<i>Total Business-Type Activities</i>	<u>9,973,566</u>	<u>9,886,580</u>	<u>0</u>	<u>4,385,635</u>
<i>Total</i>	<u>\$39,823,134</u>	<u>\$13,814,486</u>	<u>\$9,179,835</u>	<u>\$5,923,534</u>
Component Unit				
Marietta and Belpre Joint Consolidated Health District	<u>\$1,259,826</u>	<u>\$431,304</u>	<u>\$529,357</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for General Purposes

Income Taxes Levied for:

General Purposes

Street

Fire Operations

Capital Outlay

Hotel Tax

Franchise Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Gain on Sale of Capital Assets

Investment Earnings and Other Interest

Contributions from Primary Government

Other

Total General Revenues

Change in Net Position

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

Net Position (Deficit) End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Marietta and Belpre Joint Consolidated Health District
(\$4,803,079)	\$0	(\$4,803,079)	\$0
(441,212)	0	(441,212)	0
(4,645,804)	0	(4,645,804)	0
(5,079,460)	0	(5,079,460)	0
0	0	0	0
(17,727)	0	(17,727)	0
(300,000)	0	(300,000)	0
273,077	0	273,077	0
938,423	0	938,423	0
(760,471)	0	(760,471)	0
(199,831)	0	(199,831)	0
24,436	0	24,436	0
(192,280)	0	(192,280)	0
(15,203,928)	0	(15,203,928)	0
0	911,391	911,391	0
0	3,387,258	3,387,258	0
0	4,298,649	4,298,649	0
(15,203,928)	4,298,649	(10,905,279)	0
0	0	0	(299,165)
729,460	0	729,460	0
9,581,534	0	9,581,534	0
1,879,619	0	1,879,619	0
2,242,563	0	2,242,563	0
749,633	0	749,633	0
334,857	0	334,857	0
145,082	0	145,082	0
458,820	0	458,820	0
16,511	0	16,511	0
40,767	27,769	68,536	0
562,026	0	562,026	0
0	0	0	300,000
204,203	123,879	328,082	7,913
16,945,075	151,648	17,096,723	307,913
1,741,147	4,450,297	6,191,444	8,748
35,691,694	20,486,634	56,178,328	(176,504)
\$37,432,841	\$24,936,931	\$62,369,772	(\$167,756)

City of Marietta, Ohio

*Balance Sheet
Governmental Funds
December 31, 2023*

	General	Street	Community Development	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,846,193	\$1,136,371	\$75,930	\$3,426,612	\$3,973,899	\$10,459,005
Cash and Cash Equivalents in Segregated Accounts	675,642	128,994	0	0	232,452	1,037,088
Restricted Cash	29,565	0	0	0	0	29,565
Investments	0	0	0	0	315,434	315,434
Receivables:						
Hotel Taxes	21,013	0	0	0	20,897	41,910
Accounts	236,149	8,822	0	0	269,418	514,389
Accrued Interest	10,899	0	0	0	47	10,946
Interfund	148,881	0	0	0	14,225	163,106
Municipal Income Tax	940,588	182,624	0	0	277,129	1,400,341
Property Taxes	878,813	0	0	0	0	878,813
Leases	594,434	0	0	0	0	594,434
Intergovernmental	188,677	432,824	1,302,671	0	524,140	2,448,312
Materials and Supplies Inventory	20,258	52,675	0	0	0	72,933
Prepaid Items	236,870	25,273	1,012	27,175	50,573	340,903
<i>Total Assets</i>	<u>\$5,827,982</u>	<u>\$1,967,583</u>	<u>\$1,379,613</u>	<u>\$3,453,787</u>	<u>\$5,678,214</u>	<u>\$18,307,179</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	\$257,082	\$9,235	\$6,000	\$15,506	\$26,991	\$314,814
Contracts Payable	0	21,333	127,915	403,713	28,935	581,896
Accrued Wages Payable	235,623	22,070	1,344	0	45,563	304,600
Retainage Payable	0	46,470	0	2,777	0	49,247
Intergovernmental Payable	198,242	19,661	720	0	66,147	284,770
Interfund Payable	0	0	0	0	163,106	163,106
Unearned Revenue	0	0	0	2,821,364	0	2,821,364
<i>Total Liabilities</i>	<u>690,947</u>	<u>118,769</u>	<u>135,979</u>	<u>3,243,360</u>	<u>330,742</u>	<u>4,519,797</u>
Deferred Inflows of Resources						
Property Taxes	814,590	0	0	0	0	814,590
Unavailable Revenue	504,136	330,650	676,723	0	685,870	2,197,379
Leases	570,832	0	0	0	0	570,832
<i>Total Deferred Inflows of Resources</i>	<u>1,889,558</u>	<u>330,650</u>	<u>676,723</u>	<u>0</u>	<u>685,870</u>	<u>3,582,801</u>
Fund Balances						
Nonspendable	286,693	77,948	1,012	27,175	542,975	935,803
Restricted	0	1,440,216	565,899	183,252	3,923,624	6,112,991
Committed	30,000	0	0	0	216,579	246,579
Assigned	1,025,990	0	0	0	0	1,025,990
Unassigned (Deficit)	1,904,794	0	0	0	(21,576)	1,883,218
<i>Total Fund Balances</i>	<u>3,247,477</u>	<u>1,518,164</u>	<u>566,911</u>	<u>210,427</u>	<u>4,661,602</u>	<u>10,204,581</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$5,827,982</u>	<u>\$1,967,583</u>	<u>\$1,379,613</u>	<u>\$3,453,787</u>	<u>\$5,678,214</u>	<u>\$18,307,179</u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023*

Total Governmental Fund Balances	\$10,204,581
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*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.	52,312,297
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	64,223	
Municipal Income Tax	186,016	
Charges for Services	63,161	
Fines, Licenses, Permits, and Settlements	364,176	
Intergovernmental Revenues	1,510,557	
Other Revenues	9,246	
	2,197,379	2,197,379

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

Deferred Outflows - Pension	8,611,027	
Deferred Outflows - OPEB	1,347,044	
Net Pension Liability	(24,488,127)	
Net OPEB Liability	(1,424,346)	
Deferred Inflows - Pension	(1,512,576)	
Deferred Inflows - OPEB	(1,502,511)	
	(18,969,489)	(18,969,489)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable	(4,731,198)	
Accrued Interest Payable	(17,028)	
Loans Payable	(721,032)	
Financed Purchases Payable	(350,482)	
Leases Payable	(599,935)	
Compensated Absences Payable - Sick Leave	(655,129)	
Vacation and Compensatory Benefits Payable	(1,237,123)	
	(8,311,927)	(8,311,927)

<i>Net Position of Governmental Activities</i>	<u><u>\$37,432,841</u></u>
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See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Street	Community Development	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$737,123	\$0	\$0	\$0	\$0	\$737,123
Hotel Tax	334,857	0	0	0	334,450	669,307
Municipal Income Tax	9,580,005	1,874,393	0	0	2,995,905	14,450,303
Charges for Services	1,207,881	0	0	0	757,255	1,965,136
Fines, Licenses, Permits, and Settlements	624,745	0	0	0	555,403	1,180,148
Franchise Taxes	145,082	0	0	0	0	145,082
Intergovernmental	486,047	2,230,512	3,312,969	3,027,113	1,118,213	10,174,854
Investment Earnings and Other Interest	562,026	20,454	0	167,724	1,419	751,623
Donations	100,770	0	0	0	7,108	107,878
Rent	46,657	0	0	0	18,595	65,252
Leases	32,588	0	0	0	0	32,588
Other	90,252	92,140	0	0	12,565	194,957
<i>Total Revenues</i>	<u>13,948,033</u>	<u>4,217,499</u>	<u>3,312,969</u>	<u>3,194,837</u>	<u>5,800,913</u>	<u>30,474,251</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	5,513,101	0	0	111,782	72,676	5,697,559
Court	976,415	0	0	0	838,582	1,814,997
Security of Persons and Property:						
Police	4,311,431	0	0	213,328	130,521	4,655,280
Fire	2,878,574	0	0	29,421	2,380,604	5,288,599
Other	0	0	0	0	8,175	8,175
Public Health Services	0	0	0	167,735	70,597	238,332
Community Environment	81,190	0	343,704	434,743	99,456	959,093
Street	0	3,798,949	0	1,460,824	0	5,259,773
Transportation	0	0	0	137,611	286,752	424,363
Leisure Time Activities	0	0	0	180,407	728,647	909,054
Capital Outlay	0	0	0	248,559	484,100	732,659
Debt Service:						
Principal Retirement	0	36,970	0	0	920,706	957,676
Interest	0	0	0	0	207,873	207,873
Intergovernmental	200,000	0	2,601,824	0	0	2,801,824
<i>Total Expenditures</i>	<u>13,960,711</u>	<u>3,835,919</u>	<u>2,945,528</u>	<u>2,984,410</u>	<u>6,228,689</u>	<u>29,955,257</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(12,678)</u>	<u>381,580</u>	<u>367,441</u>	<u>210,427</u>	<u>(427,776)</u>	<u>518,994</u>
Other Financing Sources (Uses)						
OPWC Loans Issued	0	198,787	0	0	0	198,787
Inception of Financed Purchase	0	0	0	0	251,404	251,404
Proceeds from Sale of Capital Assets	0	0	0	0	65,658	65,658
Inception of Lease	0	0	0	0	50,160	50,160
Transfers In	0	0	0	0	531,328	531,328
Transfers Out	(75,643)	(4,655)	0	0	(451,030)	(531,328)
<i>Total Other Financing Sources (Uses)</i>	<u>(75,643)</u>	<u>194,132</u>	<u>0</u>	<u>0</u>	<u>447,520</u>	<u>566,009</u>
<i>Net Change in Fund Balances</i>	<u>(88,321)</u>	<u>575,712</u>	<u>367,441</u>	<u>210,427</u>	<u>19,744</u>	<u>1,085,003</u>
<i>Fund Balances Beginning of Year</i>	<u>3,335,798</u>	<u>942,452</u>	<u>199,470</u>	<u>0</u>	<u>4,641,858</u>	<u>9,119,578</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,247,477</u></u>	<u><u>\$1,518,164</u></u>	<u><u>\$566,911</u></u>	<u><u>\$210,427</u></u>	<u><u>\$4,661,602</u></u>	<u><u>\$10,204,581</u></u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$1,085,003
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:		
Capital Outlay	3,347,413	
Depreciation and Amortization	<u>(2,944,044)</u>	
Excess of Capital Outlays over Depreciation and Amortization Expense		403,369
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on the disposal of assets:		
Proceeds from Sale of Capital Assets	(65,658)	
Gain on Sale of Capital Assets	<u>40,767</u>	(24,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(7,663)	
Charges for Services	54,626	
Fines, Licenses, Permits, and Settlements	295,706	
Municipal Income Tax	3,046	
Intergovernmental Revenues	720,736	
Other Revenue	<u>9,246</u>	1,075,697
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,616,846	
OPEB	<u>27,310</u>	1,644,156
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities:		
Pension	(3,051,284)	
OPEB	<u>192,769</u>	(2,858,515)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premium Amortization	11,543	
Accrued Interest Payable	<u>4,050</u>	15,593
Inception of leases are reported as an other financing source in the governmental funds, but the inception increases long-term liabilities on the statement of net position.		(50,160)
Inception of finance purchases are reported as an other financing source in the governmental funds, but the inception increases long-term liabilities on the statement of net position.		(251,404)
Debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities. Governmental funds report the effect of premiums when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
OPWC Loans		(198,787)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds	329,000	
Loans	86,970	
Financed Purchases	354,076	
Leases Payable	<u>187,630</u>	957,676
Return of a lease asset are not reported in the governmental funds, but the termination reduces long-term liabilities in the statement of net position		15,883
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Vacation and Compensatory Benefits Payable	(56,835)	
Compensated Absences Payable - Sick Leave	<u>(15,638)</u>	(72,473)
Change in Net Position of Governmental Activities		<u><u>\$1,741,147</u></u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$645,601	\$645,601	\$737,123	\$91,522
Hotel Tax	286,570	286,570	342,491	55,921
Municipal Income Tax	9,141,736	9,141,736	8,897,868	(243,868)
Charges for Services	1,531,012	1,531,012	1,224,895	(306,117)
Fines, Licenses, Permits, and Settlements	740,020	740,020	629,211	(110,809)
Franchise Tax	200,000	200,000	146,433	(53,567)
Intergovernmental	427,900	427,900	489,455	61,555
Interest	139,972	139,972	500,407	360,435
Donations	2,500	2,500	94,580	92,080
Rent	54,469	54,469	46,657	(7,812)
Lease	37,685	37,685	36,334	(1,351)
Other	223,387	223,387	106,003	(117,384)
<i>Total Revenues</i>	<u>13,430,852</u>	<u>13,430,852</u>	<u>13,251,457</u>	<u>(179,395)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	5,950,526	5,847,441	5,650,063	197,378
Court	1,068,322	1,068,322	974,155	94,167
Security of Persons and Property:				
Police	4,254,957	4,401,944	4,363,287	38,657
Fire	2,866,388	2,936,292	2,870,739	65,553
Public Health Services	200,000	200,000	200,000	0
<i>Total Expenditures</i>	<u>14,340,193</u>	<u>14,453,999</u>	<u>14,058,244</u>	<u>395,755</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(909,341)</u>	<u>(1,023,147)</u>	<u>(806,787)</u>	<u>216,360</u>
Other Financing Sources (Uses)				
Advances In	75,000	75,000	0	(75,000)
Transfers Out	(138,084)	(80,344)	(75,643)	4,701
<i>Total Other Financing Sources (Uses)</i>	<u>(63,084)</u>	<u>(5,344)</u>	<u>(75,643)</u>	<u>(70,299)</u>
<i>Net Change in Fund Balance</i>	<u>(972,425)</u>	<u>(1,028,491)</u>	<u>(882,430)</u>	<u>146,061</u>
<i>Fund Balance Beginning of Year</i>	<u>2,057,271</u>	<u>2,057,271</u>	<u>2,057,271</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>327,221</u>	<u>327,221</u>	<u>327,221</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,412,067</u></u>	<u><u>\$1,356,001</u></u>	<u><u>\$1,502,062</u></u>	<u><u>\$146,061</u></u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Municipal Income Tax	\$1,767,121	\$1,767,121	\$1,740,279	(\$26,842)
Intergovernmental	5,124,206	5,124,206	2,680,589	(2,443,617)
Interest	5,358	5,358	19,035	13,677
Other	86,736	86,736	94,751	8,015
<i>Total Revenues</i>	<u>6,983,421</u>	<u>6,983,421</u>	<u>4,534,654</u>	<u>(2,448,767)</u>
Expenditures				
Current:				
Street	7,785,234	4,843,006	4,963,764	(120,758)
Debt Service:				
Principal Retirement	<u>2,495</u>	<u>36,970</u>	<u>36,970</u>	<u>0</u>
<i>Total Expenditures</i>	<u>7,787,729</u>	<u>4,879,976</u>	<u>5,000,734</u>	<u>(120,758)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(804,308)</u>	<u>2,103,445</u>	<u>(466,080)</u>	<u>(2,569,525)</u>
Other Financing Sources (Uses)				
OPWC Loans Issued	125,166	125,166	198,787	73,621
Transfers Out	<u>(4,655)</u>	<u>(4,655)</u>	<u>(4,655)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>120,511</u>	<u>120,511</u>	<u>194,132</u>	<u>73,621</u>
<i>Net Change in Fund Balance</i>	<u>(683,797)</u>	<u>2,223,956</u>	<u>(271,948)</u>	<u>(2,495,904)</u>
<i>Fund Balance Beginning of Year</i>	<u>463,603</u>	<u>463,603</u>	<u>463,603</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>781,363</u>	<u>781,363</u>	<u>781,363</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$561,169</u></u>	<u><u>\$3,468,922</u></u>	<u><u>\$973,018</u></u>	<u><u>(\$2,495,904)</u></u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$2,890,000	\$2,890,000	\$2,905,214	\$15,214
Expenditures				
Current:				
Community Environment	100,117	319,483	296,749	22,734
Intergovernmental	1,800,000	2,601,824	2,601,824	0
<i>Total Expenditures</i>	1,900,117	2,921,307	2,898,573	22,734
<i>Net Change in Fund Balance</i>	989,883	(31,307)	6,641	37,948
<i>Fund Balance Beginning of Year</i>	29,898	29,898	29,898	0
Prior Year Encumbrances Appropriated	28,391	28,391	28,391	0
<i>Fund Balance End of Year</i>	<u>\$1,048,172</u>	<u>\$26,982</u>	<u>\$64,930</u>	<u>\$37,948</u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$75,000	\$75,000	\$162,380	\$87,380
Expenditures				
Current:				
General Government -				
Legislative and Executive	88,139	645,346	497,501	147,845
Security of Persons and Property:				0
Police	0	447,377	355,635	91,742
Fire	0	45,502	36,171	9,331
Public Health Services	0	211,005	167,735	43,270
Community Environment	3,484	609,134	484,221	124,913
Street	1,117,492	2,005,892	1,594,552	411,340
Transportation	0	173,110	137,611	35,499
Leisure Time Activities	52,775	416,100	330,772	85,328
Capital Outlay	99,124	1,524,525	1,227,402	297,123
<i>Total Expenditures</i>	<u>1,361,014</u>	<u>6,077,991</u>	<u>4,831,600</u>	<u>1,246,391</u>
<i>Net Change in Fund Balance</i>	(1,286,014)	(6,002,991)	(4,669,220)	1,333,771
<i>Fund Balance Beginning of Year</i>	4,747,176	4,747,176	4,747,176	0
Prior Year Encumbrances Appropriated	<u>1,361,014</u>	<u>1,361,014</u>	<u>1,361,014</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,822,176</u>	<u>\$105,199</u>	<u>\$1,438,970</u>	<u>\$1,333,771</u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Fund Net Position
Enterprise Funds
December 31, 2023

	Sewer	Water	Total Enterprise Funds
Assets			
Current:			
Equity in Pooled Cash and Cash Equivalents	\$5,260,683	\$3,960,676	\$9,221,359
Cash and Cash Equivalents in Segregated Accounts	210,350	137,967	348,317
Accounts Receivable	1,025,896	826,096	1,851,992
Intergovernmental Receivable	712	714	1,426
Materials and Supplies Inventory	81,056	41,512	122,568
Prepaid Items	92,598	93,293	185,891
<i>Total Current Assets</i>	<u>6,671,295</u>	<u>5,060,258</u>	<u>11,731,553</u>
Noncurrent:			
Restricted Assets:			
Customer Deposits:			
Equity in Pooled Cash and Cash Equivalents	53,400	55,580	108,980
Investments	49,000	51,000	100,000
Non-Depreciable Capital Assets	481,252	9,220,817	9,702,069
Depreciable Capital Assets, Net	39,390,859	6,155,701	45,546,560
<i>Total Noncurrent Assets</i>	<u>39,974,511</u>	<u>15,483,098</u>	<u>55,457,609</u>
<i>Total Assets</i>	<u>46,645,806</u>	<u>20,543,356</u>	<u>67,189,162</u>
Deferred Outflows of Resources			
Pension	821,888	906,978	1,728,866
OPEB	127,000	139,915	266,915
Asset Retirement Obligations	1,244,472	0	1,244,472
<i>Total Deferred Outflows of Resources</i>	<u>2,193,360</u>	<u>1,046,893</u>	<u>3,240,253</u>
Liabilities			
Current:			
Accounts Payable	44,015	47,411	91,426
Contracts Payable	77,853	2,643,146	2,720,999
Accrued Wages Payable	37,366	35,332	72,698
Intergovernmental Payable	29,247	29,022	58,269
Vacation and Compensatory Benefits Payable	129,742	140,194	269,936
Compensated Absences Payable	887	0	887
Accrued Interest Payable	3,826	3,413	7,239
Financed Purchase Payable	64,995	0	64,995
General Obligation Bonds Payable	45,000	100,000	145,000
OPWC Loans Payable	8,135	14,046	22,181
OWDA Loans Payable	435,776	137,094	572,870
Leases Payable	14,622	33,922	48,544
Customer Deposits Payable from Restricted Assets	102,400	106,580	208,980
<i>Total Current Liabilities</i>	<u>993,864</u>	<u>3,290,160</u>	<u>4,284,024</u>
Long-Term:			
Leases Payable	19,138	53,708	72,846
Compensated Absences Payable	57,588	119,429	177,017
Financed Purchase Payable	39,389	0	39,389
General Obligation Bonds Payable	478,305	1,068,424	1,546,729
OPWC Loans Payable	382,365	42,988	425,353
OWDA Loans Payable	24,824,578	7,703,613	32,528,191
Asset Retirement Obligations	1,917,916	0	1,917,916
Net Pension Liability	2,014,399	2,251,385	4,265,784
Net OPEB Liability	41,788	46,701	88,489
<i>Total Long-Term Liabilities</i>	<u>29,775,466</u>	<u>11,286,248</u>	<u>41,061,714</u>
<i>Total Liabilities</i>	<u>30,769,330</u>	<u>14,576,408</u>	<u>45,345,738</u>
Deferred Inflows of Resources			
Pension	98,405	18,022	116,427
OPEB	14,348	15,971	30,319
<i>Total Deferred Inflows of Resources</i>	<u>112,753</u>	<u>33,993</u>	<u>146,746</u>
Net Position			
Net Investment in Capital Assets	13,515,366	6,437,837	19,953,203
Unrestricted	4,441,717	542,011	4,983,728
<i>Total Net Position</i>	<u>\$17,957,083</u>	<u>\$6,979,848</u>	<u>\$24,936,931</u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2023*

	Sewer	Water	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$5,807,088	\$4,079,492	\$9,886,580
Other Operating Revenues	222	104,809	105,031
<i>Total Operating Revenues</i>	<u>5,807,310</u>	<u>4,184,301</u>	<u>9,991,611</u>
Operating Expenses			
Salaries and Wages	1,137,123	1,191,319	2,328,442
Fringe Benefits	758,912	804,098	1,563,010
Contractual Services	1,094,604	1,290,397	2,385,001
Materials and Supplies	399,298	409,122	808,420
Other Operating Expenses	134,110	35,972	170,082
Depreciation and Amortization	988,140	367,876	1,356,016
<i>Total Operating Expenses</i>	<u>4,512,187</u>	<u>4,098,784</u>	<u>8,610,971</u>
<i>Operating Income</i>	<u>1,295,123</u>	<u>85,517</u>	<u>1,380,640</u>
Non-Operating Revenues (Expenses)			
Gain on Sale of Capital Assets	18,028	9,741	27,769
Other Non-Operating Revenues	18,848	0	18,848
Interest Expense	(506,080)	(856,515)	(1,362,595)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(469,204)</u>	<u>(846,774)</u>	<u>(1,315,978)</u>
<i>Income (Loss) before Contributions</i>	825,919	(761,257)	64,662
Capital Contributions	122,570	4,263,065	4,385,635
<i>Change in Net Position</i>	948,489	3,501,808	4,450,297
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>17,008,594</u>	<u>3,478,040</u>	<u>20,486,634</u>
<i>Net Position End of Year</i>	<u><u>\$17,957,083</u></u>	<u><u>\$6,979,848</u></u>	<u><u>\$24,936,931</u></u>

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2023

	Sewer	Water	Total Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$5,830,379	\$4,017,824	\$9,848,203
Cash Payments for Employee Services and Benefits	(1,832,398)	(1,928,951)	(3,761,349)
Cash Payments to Suppliers for Goods and Services	(1,446,729)	(1,678,564)	(3,125,293)
Other Operating Revenues	0	107,071	107,071
Other Operating Expenses	(158,098)	(34,035)	(192,133)
Other Non-Operating Revenues	18,848	0	18,848
Customer Deposits Received	14,190	14,770	28,960
Customer Deposits Returned	(17,767)	(18,493)	(36,260)
<i>Net Cash Provided by Operating Activities</i>	<u>2,408,425</u>	<u>479,622</u>	<u>2,888,047</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(392,005)	(2,715,871)	(3,107,876)
Capital Contributions	122,570	4,263,065	4,385,635
Proceeds from Sale of Capital Assets	22,079	9,741	31,820
Loan Proceeds	130,497	5,527,695	5,658,192
Principal Paid on Debt	(1,502,575)	(6,522,163)	(8,024,738)
Interest Paid on Debt	(505,033)	(858,760)	(1,363,793)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,124,467)</u>	<u>(296,293)</u>	<u>(2,420,760)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	283,958	183,329	467,287
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,240,475</u>	<u>3,970,894</u>	<u>9,211,369</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$5,524,433</u></u>	<u><u>\$4,154,223</u></u>	<u><u>\$9,678,656</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
<i>Operating Income</i>	\$1,295,123	\$85,517	\$1,380,640
Adjustments:			
Depreciation and Amortization	988,140	367,876	1,356,016
Other Non-Operating Revenues	18,848	0	18,848
(Increase)/Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	19,492	(63,129)	(43,637)
Materials and Supplies Inventory	(7,625)	33,268	25,643
Prepaid Items	(6,346)	(16,803)	(23,149)
Deferred Outflows of Resources - Pension	396,544	413,922	810,466
Deferred Outflows of Resources - OPEB	92,856	99,590	192,446
Deferred Outflows of Resources - Asset Retirement Obligations	43,870	0	43,870
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	(528)	12,373	11,845
Accrued Wages Payable	(96)	(69)	(165)
Intergovernmental Payable	(1,138)	1,800	662
Vacation and Compensatory Benefits Payable	11,890	3,235	15,125
Compensated Absences Payable	(4,507)	(3,553)	(8,060)
Net Pension Liability	73,792	64,038	137,830
Net OPEB Liability	(797)	(1,057)	(1,854)
Deferred Inflows of Resources - Pension	(352,340)	(339,350)	(691,690)
Deferred Inflows of Resources - OPEB	(158,753)	(178,036)	(336,789)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$2,408,425</u></u>	<u><u>\$479,622</u></u>	<u><u>\$2,888,047</u></u>

Noncash Capital Financing Activities:

The Sewer Fund had prior year accruals for contracts and retainage payable for capital assets in the amounts of \$23,164 and \$33,828, respectively.

The Sewer Fund has contracts payable for capital assets in the amounts of \$52,747.

The Sewer Fund has inception of lease in the amount of \$12,967.

The Sewer Fund has a financed purchase in the amount of \$65,751.

The Water Fund had prior year accruals for contracts payable for capital assets in the amounts of \$84,317.

The Water Fund has contracts payable for capital assets in the amount of \$2,639,499.

The Water Fund has inception of lease in the amount of \$12,967.

See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2023

Assets

Cash and Cash Equivalents in Segregated Accounts	\$62,393
Accounts Receivable	<u>135,239</u>
<i>Total Assets</i>	<u>197,632</u>

Liabilities

Accounts Payable	25,762
Intergovernmental Payable	<u>36,631</u>
<i>Total Liabilities</i>	<u>62,393</u>

Net Position

Restricted for Individuals, Organizations and Other Governments	<u><u>\$135,239</u></u>
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See accompanying notes to the basic financial statements

City of Marietta, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2023

Additions

Fines and Forfeitures for Other Governments	\$956,187
Contributions from Individuals	373,028
<i>Total Additions</i>	<u>1,329,215</u>

Deductions

Distributions to the State of Ohio	417,448
Distributions to Other Governments	219,418
Distributions to Individuals	621,776
Other	44,140
<i>Total Deductions</i>	<u>1,302,782</u>

<i>Net Decrease in Fiduciary Net Position</i>	26,433
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<i>Net Position Beginning of Year</i>	<u>108,806</u>
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<i>Net Position End of Year</i>	<u><u>\$135,239</u></u>
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See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

Report Entity

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

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

The Health District was created as a legally separate organization under chapter 3709 of the Ohio Revised Code. Among its various duties, the Health District provides for the prompt diagnosis and control of communicable diseases. The Health District may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Health District is operated by a board with two members appointed by the Mayor of Marietta; two members appointed by the Mayor of Belpre; and one member jointly appointed by the Mayors of Marietta and Belpre. The rates charged by the Health District are subject to the approval of respective City Councils. However, the City of Marietta provides funding to the Health District, thus the City of Marietta can impose will on the Health District, and the Health District imposes a financial burden to the City. Therefore, the Health District is considered a discretely presented component unit of the City of Marietta. Separately issued financial statements can be obtained from City Auditor Sherri Hess at the City of Marietta, 301 Putnam Street, Marietta, Ohio 45750. (See Note 25)

The City participates in the Buckeye Hills Regional Council; the Washington-Morgan Community Action Corporation; and the Wood, Washington, and Wirt Planning Commission, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 21.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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

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

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

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

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

C. Measurement Focus

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

D. Basis of Accounting

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

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net 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 asset retirement obligations, pension, and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases, and unavailable revenue. Property 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 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 delinquent property taxes; income taxes; charges for services; intergovernmental revenues; and fines, licenses, permits, and settlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

E. Budget Process

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were adopted by Council. The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. Cash and Cash Equivalents

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

Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2023, investments were limited to certificates of deposit, which are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/Interest revenue credited to the General Fund during 2023 amounted to \$562,026 which includes \$450,978 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

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

G. Restricted Assets

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

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

H. Inventory

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

The City is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include vehicles and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. 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.

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

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

The City's infrastructure consists of City streets, street signs, decorative lights, traffic signals, and water and sewer systems and includes infrastructure acquired prior to December 31, 1980. The City is reporting intangible right to use assets related to leased vehicles. 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, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation and compensatory benefits payable". The balances are to be used by employees in the year following the year in which the benefit was earned.

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Net pension/OPEB 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. Bonds, leases, subscription payable, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance

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

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance or by State Statute. The City Council assigned fund balance to cover the gap between the estimated resources and appropriations in the 2023's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

N. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the law director's office, Opioid settlement monies, and for monies received for the Local Fiscal Recovery Fund. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows, if applicable.

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

O. Operating Revenues and Expenses

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

Q. Interfund Assets and Liabilities

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

R. Bond Premiums

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

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and that are either unusual in nature or infrequent in occurrence. Neither of which are included in the current year financials.

T. Estimates

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

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Unearned Revenue

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

W. Monsanto Settlement Monies

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the City received a settlement payment of \$15,561 and \$13,793 during 2023. These amounts are reflected as fines forfeitures and settlements revenue in the OneOhio Opioid Special Revenue Fund and Janssen Opioid Special Revenue Fund in the accompanying financial statements.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

X. Leases and SBITAs

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 on a straight-line basis over its useful life. 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.

The City is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

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). These changes were incorporated in the City's 2023 financial statements. The City recognized \$74,813 in subscription asset at December 31, 2022.

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.

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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).

Along with the changes in accounting principles outlines above, the City is restating the accumulated depreciation for various capital assets of Governmental Activities and the Sewer Fund related to a correction of calculated accumulated depreciation from prior years. The effects of these restatements on beginning net position are presented below:

	Governmental Activities	Business-Type Activites	Total
Net Position, December 31, 2022	\$35,054,758	\$18,408,957	\$53,463,715
GASB 96	74,813	0	74,813
Capital Asset Correction	562,123	2,077,677	2,639,800
Restated Net Position, December 31, 2022	<u>\$35,691,694</u>	<u>\$20,486,634</u>	<u>\$56,178,328</u>

	Sewer	Water	Total Enterprise Funds
Net Position, December 31, 2022	\$14,930,917	\$3,478,040	\$18,408,957
Capital Asset Correction	2,077,677	0	2,077,677
Restated Net Position, December 31, 2022	<u>\$17,008,594</u>	<u>\$3,478,040</u>	<u>\$20,486,634</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

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

City of Marietta, Ohio
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Net Change in Fund Balance				
	General	Street	Community Development	Local Fiscal Recovery
GAAP Basis	(\$88,321)	\$575,712	\$367,441	\$210,427
Net Adjustment for Revenue Accruals	(20,004)	318,574	(407,755)	(3,027,113)
Beginning of Year:				
Unrecorded Cash	18,292	0	0	0
Unrecorded Interest	21,213	809	0	9,896
Prepaid Items	237,622	28,592	397	0
Segregated Accounts	46,491	0	0	0
End of Year:				
Unrecorded Cash	(26,204)	0	0	0
Unrecorded Interest	(60,722)	(2,228)	0	(15,240)
Prepaid Items	(236,870)	(25,273)	(1,012)	0
Segregated Accounts	(675,642)	0	0	0
Net Adjustment for Expenditure Accruals	188,485	(1,007,009)	58,570	125,212
Encumbrances	(286,770)	(161,125)	(11,000)	(1,972,402)
Budget Basis	<u>(\$882,430)</u>	<u>(\$271,948)</u>	<u>\$6,641</u>	<u>(\$4,669,220)</u>

NOTE 5 - ACCOUNTABILITY

The Marietta Mariana Operations, Marietta Harbor, and Armory Cultural Facilities Gym Capital Projects Funds have deficit fund balances of \$461, \$6,890, and \$14,225 as of December 31, 2023, respectively. These deficits are the result of short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
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NOTE 7 - 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 \$2.40 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	\$222,154,470
Public Utility Property	<u>107,022,090</u>
Total	<u><u>\$329,176,560</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 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.

Tax Abatements

As of December 31, 2023, the City provided tax abatements through a Community Reinvestment Area (CRA) Tax Abatement with Hippodrome/Colony Historical Theater Association and Perry & Associates. Pursuant to Ohio Revised Code 3735.67, the City established the CRA to provide property tax abatements to encourage revitalization of the existing buildings. The abatements were obtained through application by the property owners, including proof that the improvements have been made, and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatements are deducted from the recipients' tax bill. The amount of property taxes abated for 2022 were \$795 and \$1,234, respectively.

NOTE 8 - INCOME TAX

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

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

NOTE 9 - RECEIVABLES

Receivables at December 31, 2023, consisted of taxes, accounts (billings for user charged services including unbilled utility services and third party billings), payments in lieu of taxes, interfund, accrued interest, leases, and intergovernmental receivables arising from grants, entitlements, and shared revenues.

All receivables are considered collectible in full. Delinquent sewer accounts receivable (billings for user charged services and Opioid settlement monies) are certified and collected as a special assessment, subject to foreclosure for nonpayment. All receivables are expected to be collected within one year, with the exception of leases and delinquent property taxes. Property taxes, although ultimately collectible, includes some portion of delinquencies that will not be collected within one year in the amount of \$64,223.

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 an accounts receivable. As a participating subdivision, the City reported \$145,206 and \$26,047, respectively, as a receivable related to opioid settlement monies in the OneOhio Opioid Special Revenue Fund and Janssen Opioid Special Revenue Fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$16,735 expected to be collected in 2024.

A summary of the principal items of intergovernmental receivables follows:

City of Marietta, Ohio
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For the Year Ended December 31, 2023

Governmental Activities:	<u>Amount</u>
Gasoline Tax and Motor Vehicle License	\$429,935
Housing Voucher Program	530,356
Local Government	133,053
Housing and Urban Development Grant	759,467
Community Based Corrections Grant	421,928
Homestead and Rollback	37,659
Stop Violence Against Women Grant	31,158
Victims of Crime Act Grant	23,935
Community Housing Impact and Preservation	12,848
Bureau of Workers' Compensation Payments	5,501
Court Reimbursements from Washington County	5,651
Court Migration Grant	25,482
Ohio Attorney Police Training	9,822
First Responder Wellness ARPA-Safe Harbor Grant	8,175
Utilities Income Tax	119
Indigent Drivers' Alcohol Treatment Reimbursements	3,062
Job and Family Services Reimbursement	1,616
Other Settlement from Washington County	6,156
Excess IRP	2,389
Total Governmental Activities	<u>2,448,312</u>
Business-Type Activities:	
Bureau of Workers' Compensation Payments	<u>1,426</u>
Total	<u><u>\$2,449,738</u></u>

Leases Receivable

The City is reporting leases receivable of \$594,434 in the General Fund at December 31, 2023. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the City recognized lease revenue of \$32,590 and interest revenue of \$20,875 in the general fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the at varying years and terms as follows:

Company	Lease Commencement Date	Years	Lease Ending Date	Payment Method
Verizon	2022	5	2026	Monthly
AT & T	2016	50	2066	Monthly

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10 - CAPITAL ASSETS

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

	Restated Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$1,297,482	\$15,606	\$0	\$1,313,088
Construction in Progress	3,445,267	1,555,852	(3,497,766)	1,503,353
Total Nondepreciable Capital Assets	4,742,749	1,571,458	(3,497,766)	2,816,441
Depreciable Capital Assets				
Tangible Assets:				
Buildings and Improvements	35,186,557	68,434	0	35,254,991
Machinery and Equipment	5,130,813	228,700	0	5,359,513
Vehicles	4,351,143	0	(181,312)	4,169,831
Infrastructure	56,123,753	4,923,834	0	61,047,587
Total Tangible Assets	100,792,266	5,220,968	(181,312)	105,831,922
Intangible Right to Use				
Lease Assets:				
Intangible Right to Use Lease - Vehicles	900,717	50,160	(15,883)	934,994
Subscription Assets:				
Intangible Right to Use Lease - Software	74,813	16,470	0	91,283
Total Intangible Assets	975,530	66,630	(15,883)	1,026,277
Total Depreciable Capital Assets	101,767,796	5,287,598	(197,195)	106,858,199
Less Accumulated Depreciation/Amortization				
Depreciation:				
Buildings and Improvements	(17,959,475)	(1,215,175)	0	(19,174,650)
Machinery and Equipment	(3,655,863)	(212,251)	0	(3,868,114)
Vehicles	(3,511,950)	(74,170)	158,427	(3,427,693)
Infrastructure	(29,302,009)	(1,234,493)	0	(30,536,502)
Total Depreciation	(54,429,297)	(2,736,089)	158,427	(57,006,959)
Amortization				
Intangible Right to Use				
Lease Assets:				
Intangible Right to Use Lease - Vehicles	(147,429)	(187,630)	0	(335,059)
Total Lease Assets	(147,429)	(187,630)	0	(335,059)
Subscription Assets:				
Intangible Right to Use - Software	0	(20,325)	0	(20,325)
Total Intangible Assets	(147,429)	(207,955)	0	(355,384)
Total Accumulated Depreciation/Amortization	(54,576,726)	(2,944,044)	158,427	(57,362,343)
Total Depreciable Capital Assets, Net	47,191,070	2,343,554	(38,768)	49,495,856
Governmental Activities Capital Assets, Net	\$51,933,819	\$3,915,012	(\$3,536,534)	\$52,312,297

City of Marietta, Ohio
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For the Year Ended December 31, 2023

* Depreciation/amortization expense was charged to governmental programs as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>	
General Government:				
Legislative and Executive	\$317,676	\$72,302	\$389,978	
Court	260,957	16,741	277,698	
Security of Persons and Property:				
Police	56,026	81,167	137,193	
Fire	175,226	15,044	190,270	
Public Health Services	15,764	0	15,764	
Community Environment	84,988	0	84,988	
Street	1,518,097	22,701	1,540,798	
Transportation	5,884	0	5,884	
Leisure Time Activities	301,471	0	301,471	
Total	<u>\$2,736,089</u>	<u>\$207,955</u>	<u>\$2,944,044</u>	
	Restated Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Business-Type Activities:				
Nondepreciable Capital Assets:				
Land	\$606,027	\$0	\$0	\$606,027
Construction in Progress	5,503,684	5,369,769	(1,777,411)	9,096,042
Total Nondepreciable Capital Assets	<u>6,109,711</u>	<u>5,369,769</u>	<u>(1,777,411)</u>	<u>9,702,069</u>
Depreciable Capital Assets				
Tangible Assets:				
Buildings and Improvements	365,380	29,570	0	394,950
Machinery and Equipment	3,191,572	282,803	(40,290)	3,434,085
Vehicles	680,693	0	(51,296)	629,397
Infrastructure	95,548,640	1,819,833	0	97,368,473
Total Tangible Assets	<u>99,786,285</u>	<u>2,132,206</u>	<u>(91,586)</u>	<u>101,826,905</u>
Intangible Right to Use				
Intangible Right to Use Lease - Vehicles	182,191	25,934	0	208,125
Total Depreciable Capital Assets	<u>99,968,476</u>	<u>2,158,140</u>	<u>(91,586)</u>	<u>102,035,030</u>
Less Accumulated Depreciation/Amortization				
Depreciation:				
Buildings and Improvements	(206,871)	(9,538)	0	(216,409)
Machinery and Equipment	(2,360,920)	(140,626)	36,239	(2,465,307)
Vehicles	(641,660)	(15,334)	51,296	(605,698)
Infrastructure	(51,970,235)	(1,144,086)	0	(53,114,321)
Total Depreciation	<u>(55,179,686)</u>	<u>(1,309,584)</u>	<u>87,535</u>	<u>(56,401,735)</u>
Amortization:				
Intangible Right to Use				
Lease Assets:				
Intangible Right to Use Lease - Vehicles	(40,303)	(46,432)	0	(86,735)
Total Accumulated Depreciation/Amortization	<u>(55,219,989)</u>	<u>(1,356,016)</u>	<u>87,535</u>	<u>(56,488,470)</u>
Total Depreciable Capital Assets, Net	<u>44,748,487</u>	<u>802,124</u>	<u>(4,051)</u>	<u>45,546,560</u>
Business-Type Activities Capital Assets, Net	<u>\$50,858,198</u>	<u>\$6,171,893</u>	<u>(\$1,781,462)</u>	<u>\$55,248,629</u>

NOTE 11- ASSET RETIREMENT OBLIGATIONS

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

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities.

The City Sewer Superintendent estimates these public safety issues to include removing/filling any tankage, cleaning/removing certain equipment, and backfilling certain exposed areas.

This asset retirement obligation (ARO) of \$1,917,916 associated with the City waste water treatment facilities was estimated by the City's engineer and Sewer Superintendent. The remaining useful life of these facilities range from 18 to 49 years.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) /Net OPEB Liability

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.

City of Marietta, Ohio
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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 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 13 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):

City of Marietta, Ohio
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Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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

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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:

	<u>State and Local</u>	
	<u>Traditional</u>	<u>Law Enforcement</u>
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	18.1 %
Post-employment Health Care Benefits **	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

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

** These pension and employer health care rates are for the traditional plan. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder 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 \$877,345 for the traditional plan. Of these amounts, \$125,634 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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.

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,055,346 for 2023. Of this amount, \$117,104 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. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability 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:

	<u>Traditional Plan</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.04011300%	0.17796040%	
Prior Measurement Date	0.04306200%	0.18290960%	
Change in Proportionate Share	<u>-0.00294900%</u>	<u>-0.00494920%</u>	
Proportionate Share of the:			<u>Total</u>
Net Pension Liability	\$11,849,399	\$16,904,512	\$28,753,911
Pension Expense	1,690,663	1,933,072	3,623,735

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:

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	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$393,587	\$253,560	\$647,147
Changes of assumptions	125,181	1,524,729	1,649,910
Net difference between projected and actual earnings on pension plan investments	3,377,451	2,461,089	5,838,540
Changes in proportion and differences between City contributions and proportionate share of contributions	57,676	209,602	267,278
City contributions subsequent to the measurement date	877,345	1,055,346	1,932,691
Total Deferred Outflows of Resources	<u>\$4,831,240</u>	<u>\$5,504,326</u>	<u>\$10,335,566</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$385,134	\$385,134
Changes of assumptions	0	329,633	329,633
Changes in proportion and differences between City contributions and proportionate share of contributions	311,387	598,522	909,909
Total Deferred Inflows of Resources	<u>\$311,387</u>	<u>\$1,313,289</u>	<u>\$1,624,676</u>

\$1,932,691 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 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:

	OPERS Traditional Plan	OP&F	Total
Year Ending December 31:			
2024	\$305,394	\$244,052	\$549,446
2025	688,454	733,047	1,421,501
2026	994,150	873,443	1,867,593
2027	1,654,510	1,368,170	3,022,680
2028	0	(83,021)	(83,021)
Total	<u>\$3,642,508</u>	<u>\$3,135,691</u>	<u>\$6,778,199</u>

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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:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
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 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.

City of Marietta, Ohio
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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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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 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%)
City's proportionate share of the net pension liability			
OPERS Traditional Plan	\$17,750,003	\$11,849,399	\$6,941,154

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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 as follows.

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.

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	Age	Police	Fire
	67 or less	77 %	68 %
	68-77	105	87
For 2021, mortality for	78 and up	115	120

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 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	<u>125.00 %</u>	

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	\$22,300,314	\$16,904,512	\$12,418,983

NOTE 13 - DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability.

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.

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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.

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).

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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 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 \$8,125 for 2023. Of this amount, \$1,165 is reported as an intergovernmental payable.

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.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 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.

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

The City's contractually required contribution to OP&F was \$22,110 for 2023. Of this amount, \$2,744 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 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&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.038985%	0.1779604%	
Prior Measurement Date	<u>0.041717%</u>	<u>0.1829096%</u>	
Change in Proportionate Share	<u>-0.002732%</u>	<u>-0.0049492%</u>	<u>Total</u>
Proportionate Share of the Net			
Net OPEB Liability	\$245,808	\$1,267,027	\$1,512,835
OPEB Expense	(386,545)	50,504	(336,041)

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

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$75,609	\$75,609
Changes of assumptions	\$240,086	\$631,416	\$871,502
Net difference between projected and actual earnings on OPEB plan investments	488,183	108,673	596,856
Changes in proportion and differences between City contributions and proportionate share of contributions	10,068	29,187	39,255
City contributions subsequent to the measurement date	<u>8,125</u>	<u>22,110</u>	<u>30,235</u>
Total Deferred Outflows of Resources	<u>\$746,462</u>	<u>\$866,995</u>	<u>\$1,613,457</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$61,314	\$249,832	\$311,146
Changes of assumptions	19,755	1,036,324	1,056,079
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,751</u>	<u>163,352</u>	<u>165,103</u>
Total Deferred Inflows of Resources	<u>\$82,820</u>	<u>\$1,449,508</u>	<u>\$1,532,328</u>

\$30,235 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:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2024	\$89,579	(\$70,050)	\$19,529
2025	177,873	(57,638)	120,235
2026	152,232	(64,361)	87,871
2027	235,833	(38,001)	197,832
2028	0	(113,129)	(113,129)
Thereafter	<u>0</u>	<u>(261,444)</u>	<u>(261,444)</u>
Total	<u>\$655,517</u>	<u>(\$604,623)</u>	<u>\$50,894</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.

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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

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

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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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability	\$836,618	\$245,808	\$241,707

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.

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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	\$230,401	\$245,808	\$263,149

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 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 as follows.

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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
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.

<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.

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

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

City of Marietta, Ohio
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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 12.

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.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$1,560,224	\$1,267,027	\$1,019,492

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2023, were as follows:

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	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Governmental Activities:					
<u>General Obligation Bonds:</u>					
2014 Various Purpose Bonds:					
Municipal Court					
Serial Bonds - \$2,865,000 - 1.5 - 4.0%	\$1,745,000	\$0	\$135,000	\$1,610,000	\$140,000
Bond Premium	28,562	0	2,617	25,945	0
Municipal Software Bonds					
Serial Bonds - \$216,000 - 1.5 - 3.0%	24,000	0	24,000	0	0
Bond Premium	389	0	389	0	0
2020 Various Purpose Bonds:					
Serial Bonds -\$770,000- 4%	365,000	0	170,000	195,000	175,000
Serial Bonds -\$325,000- 1.75%	325,000	0	0	325,000	0
Term Bonds -\$735,000- 1.75%	735,000	0	0	735,000	0
Term Bonds - \$1,705,000-3.0%	1,705,000	0	0	1,705,000	0
Bond Premium	143,790	0	8,537	135,253	0
Total General Obligation Bonds	<u>5,071,741</u>	<u>0</u>	<u>340,543</u>	<u>4,731,198</u>	<u>315,000</u>
Loans from Direct Borrowings					
Armory Loan -\$500,000- 4.99%	<u>150,000</u>	<u>0</u>	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>
Ohio Public Works Commission (OPWC Loans):					
OPWC 2016 Paving Loan - \$100,000 - 0%	24,947	0	2,495	22,452	1,247
OPWC Hill Crest Slip Repair - \$17,122 -0%	14,268	0	1,142	13,126	571
OPWC 2019 Paving Loan - \$400,000 - 0%	333,333	0	26,667	306,666	13,333
OPWC 2020 Paving Loan - \$100,000 - 0%	86,667	0	6,666	80,001	3,333
OPWC 2022 Paving Loan -\$73,621 - 0%	0	73,621	0	73,621	2,454
OPWC Greene, Virginia, Seventh St Repairs - \$125,166 -0%	<u>0</u>	<u>125,166</u>	<u>0</u>	<u>125,166</u>	<u>4,172</u>
Total OPWC Loans	<u>459,215</u>	<u>198,787</u>	<u>36,970</u>	<u>621,032</u>	<u>25,110</u>
Total Long-Term Loans from Direct Borrowings	<u>609,215</u>	<u>198,787</u>	<u>86,970</u>	<u>721,032</u>	<u>75,110</u>
Financed Purchases from Direct Borrowings	<u>453,154</u>	<u>251,404</u>	<u>354,076</u>	<u>350,482</u>	<u>255,611</u>
Leases	<u>753,288</u>	<u>50,160</u>	<u>203,513</u>	<u>599,935</u>	<u>201,062</u>
Compensated Absences	<u>639,491</u>	<u>30,609</u>	<u>14,971</u>	<u>655,129</u>	<u>24,492</u>
Net Pension Liability:					
OPERS	2,397,803	5,185,812	0	7,583,615	0
OP&F	11,427,133	5,477,379	0	16,904,512	0
Total Net Pension Liability	<u>13,824,936</u>	<u>10,663,191</u>	<u>0</u>	<u>24,488,127</u>	<u>0</u>
Net OPEB Liability :					
OPERS	0	157,319	0	157,319	0
OP&F	<u>2,004,848</u>	<u>0</u>	<u>737,821</u>	<u>1,267,027</u>	<u>0</u>
Total Net OPEB Liability	<u>2,004,848</u>	<u>157,319</u>	<u>737,821</u>	<u>1,424,346</u>	<u>0</u>
Total Governmental Activities	<u>\$23,356,673</u>	<u>\$11,351,470</u>	<u>\$1,737,894</u>	<u>\$32,970,249</u>	<u>\$871,275</u>

During 2023, the City returned a lease vehicle and the lease liability was removed from the financial statements. The outstanding balance of the lease was \$15,883. The write-off of the lease was netted with disposal of the associated capital asset.

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	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Business-Type Activities:					
<u>General Obligation Bonds:</u>					
Water Bonds					
2014 - \$2,045,000 - 1.5 - 3.75%	\$1,245,000	\$0	\$95,000	\$1,150,000	\$100,000
Bond Premium	20,282	0	1,858	18,424	0
Water Software Bonds					
2014 - \$72,000 - 1.5 - 3.0%	8,000	0	8,000	0	0
Bond Premium	130	0	130	0	0
Sewer Bonds					
2014 - \$920,000 - 1.5 - 4.0%	560,000	0	45,000	515,000	45,000
Bond Premium	9,142	0	837	8,305	0
Sewer Software Bonds					
2014 - \$72,000 - 1.5 - 3.0%	8,000	0	8,000	0	0
Bond Premium	130	0	130	0	0
Total Bonds	1,850,684	0	158,955	1,691,729	145,000
<u>OWDA Loans from Direct Borrowings:</u>					
Sewer Grit					
2002 - \$458,437 - 3.89%	16,281	0	16,281	0	0
Sewer Treatment Plant:					
2011 Phase 1 - \$5,507,326 - 3.0%	3,295,307	0	271,349	3,023,958	138,735
2013 Phase 2 - \$6,558,131 - 2.38%	4,138,967	0	313,917	3,825,050	0
Construction Phase 3:					
2016 Scope - \$6,476,039 - 0.57%	5,699,840	0	212,462	5,487,378	106,842
2016 Muskingum River Forcemain - \$1,033,032 - 2.27%	892,012	0	27,575	864,437	14,022
2018 Scope - \$9,524,950 - 1.89%	8,664,936	0	249,603	8,415,333	129,189
2016 Harmar Lift - \$1,082,349- 2.05%	930,093	0	29,565	900,528	15,010
2017 Meter Replacement - Sewer - \$936,422- 2.98%	751,434	0	40,396	711,038	20,650
2018 Harmar Village & Post Street - Sewer - \$915,697 - 1.97% - 2.98%	862,408	0	22,244	840,164	11,328
2020 Aeration System Upgrade \$1,284,967 - 1.03%	1,231,028	7,927	46,487	1,192,468	0
Colegate Dr Improvement - Forgiveness loan-\$237,950	0	100,520	100,520	0	0
Colegate Dr Improvement - Forgiveness loan-\$22,050	0	22,050	22,050	0	0
Total Sewer OWDA Loans	\$26,482,306	\$130,497	\$1,352,449	\$25,260,354	\$435,776

(continued)

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

(continued)	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
OWDA Loans from Direct Borrowings:					
Water Treatment Plant:					
2017 Planning - \$2,002,680 - 3.48%	\$1,662,152	\$132,459	\$1,794,611	\$0	\$0
Waterline Replacements:					
2017 Greene Street and Colegate Drive - \$1,800,489 - 3.10%	1,581,618	0	43,928	1,537,690	22,476
2017 Hadley Lane and Sherry Drive - \$730,230 - 3.10%	641,461	0	17,816	623,645	9,116
2017 Meter Replacement - Water - \$936,422 - 2.98%	751,434	0	40,396	711,038	20,650
Water Tank Painting:					
2017 Ground Storage - \$1,163,272 - 2.88-2.98%	957,561	0	49,518	908,043	25,309
2017 676 and Harmar - \$634,781 - 2.98%	433,966	0	40,154	393,812	20,527
2017 Northhills - \$337,372 - 2.98%	230,643	0	21,341	209,302	10,909
2018 Alta and Lancaster - \$1,054,561 - 2.29%	978,486	0	26,535	951,951	13,496
2020 Pine Meadows Tank, East Norwood and Glendale Reservoir - \$671,183 -1.73%	642,840	0	28,846	613,994	14,611
Glendale Extension Water Line Replacement- Phase1- \$1,460,689 - 2.59%	791,770	588,084	32,709	1,347,145	0
Water Treatment Plant Replacement Drinking Water - \$35,871,199- 1.38%	0	516,713	0	516,713	0
Water Treatment Plant:					
Forgiveness Loan	0	4,240,785	4,240,785	0	0
Duck Creek Interceptor Renewal					
Water Pollution Control- \$164,089- 0%	0	27,374	0	27,374	0
Lead Service Line Investigation					
Forgiveness Loan - \$400,000	0	22,280	22,280	0	0
Total Water OWDA Loans	8,671,931	5,527,695	6,358,919	7,840,707	137,094
Total OWDA Loans	35,154,237	5,658,192	7,711,368	33,101,061	572,870
OPWC Loans from Direct Borrowings:					
2004 Water Glendale Tank - \$479,936 - 2%	84,711	0	27,677	57,034	14,046
2016 Sewer Treatment Plant - \$448,125 - 0%	406,771	0	16,271	390,500	8,135
Total OPWC Loans	491,482	0	43,948	447,534	22,181
Net Pension Liability - OPERS:					
Sewer	674,383	1,340,016	0	2,014,399	0
Water	674,382	1,577,003	0	2,251,385	0
Total Net Pension Liability	1,348,765	2,917,019	0	4,265,784	0
Net OPEB Liability - OPERS:					
Sewer	0	41,787	0	41,787	0
Water	0	46,702	0	46,702	0
Total Net OPEB Liability	0	88,489	0	88,489	0
Financed Purchases from Direct Borrowings	105,623	65,751	66,990	104,384	64,995
Asset Retirement Obligations	1,843,345	74,571	0	1,917,916	0
Compensated Absences	185,964	5,777	13,837	177,904	887
Leases- Water	107,230	12,967	32,567	87,630	33,922
Leases-Sewer	34,658	12,967	13,865	33,760	14,622
Total Leases	141,888	25,934	46,432	121,390	48,544
Total Business-Type Activities	\$41,121,988	\$8,835,733	\$8,041,530	\$41,916,191	\$854,477

Governmental Activities

On April 15, 2014, the City issued \$6,190,000 of Various Purpose General Obligation Bonds, which included both Governmental and Business-Type components, for purposes listed as follows:

City of Marietta, Ohio
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Purpose	Amount
Municipal Court	\$2,865,000
Municipal Software	216,000
Water	2,045,000
Water Software	72,000
Sewer	920,000
Sewer Software	72,000
	<u>\$6,190,000</u>

The Business-Type components of this issue will be addressed later in this note.

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

In 2020, the City issued \$3,535,000 of Various Purpose General Obligation Bonds to refund the Various Purpose Bond Anticipation Notes for building renovations and asphalt paving.

The Various Purpose Bond Anticipation Notes were issued to finance renovations of City Hall and the administration building, for street garage roof repairs, and paving. The notes were retired and refinanced during May 2020.

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

Principal and interest requirements to retire the governmental activities bonds outstanding at December 31, 2023, are as follows:

Year	Various Purpose 2014 Municipal Court Bonds		Various Purpose 2020 Bonds	
	Principal	Interest	Principal	Interest
2024	\$140,000	\$57,375	\$175,000	\$77,500
2025	140,000	53,175	150,000	74,438
2026	145,000	48,975	180,000	71,812
2027	150,000	44,625	180,000	68,622
2028	155,000	39,375	185,000	65,512
2029-2033	880,000	100,300	1,030,000	462,525
2034-2038	0	0	985,000	94,350
2039	0	0	75,000	2,250
	<u>\$1,610,000</u>	<u>\$343,825</u>	<u>\$2,960,000</u>	<u>\$917,009</u>

The purpose of the Armory Loan was to provide funds to remodel, renovate, and furnish the former Ohio National Guard Armory building to provide facilities for City Council, the provision of public assistance services, and other governmental purposes.

City of Marietta, Ohio
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For the Year Ended December 31, 2023

Principal and interest requirements to retire the Armory Loan at December 31, 2023, are as follows:

Year	Armory	
	Principal	Interest
2023	\$50,000	\$4,990
2025	50,000	2,495
	<u>\$100,000</u>	<u>\$7,485</u>

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

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

During 2018, the City entered into a loan with the State Infrastructure Bank to help finance Phase V of the Riverfront Trail Bike Path. This loan never had proceeds drawn and the City requested it be closed in 2024.

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

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

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

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

During 2022, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$73,621 at zero percent interest for the purpose of paving certain City streets. Principal payments are due July 1 of each year through 2039.

During 2022, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$125,166 at zero percent interest for the purpose of improvements to Greene, Virigina, and Seventh Street. The proceeds of this loan were drawn during 2023 Principal payments are due July 1 of each year through 2039.

Principal and interest requirements to retire the OPWC loans at December 31, 2023, are as follows:

City of Marietta, Ohio
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Year	Principal of OPWC Loans
2024	\$25,110
2025	50,221
2026	50,221
2027	50,221
2028	50,221
2029-2033	249,867
2034-2038	138,545
2039	6,626
	<u>\$621,032</u>

The City's outstanding OPWC loan from direct borrowings related to governmental activities of \$621,032 contain a provision that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

These financed purchase from direct borrowing agreement contains provisions in the event of a default. Upon the occurrence of an event of default, and as long as the event of default is continuing, the lender may, at its option, exercise any one or more of the following remedies, (1) declare all lease payments due immediately for the current budget year without terminating the property schedule or providing written notice to the City. This includes overdue payments from previous years. The outstanding amounts will accrue interest at a rate of 10 to 12 percent per year or the maximum allowed by law, whichever is lower; (2) terminate the property schedule, reclaim the property, and require the City to return it at its expense. The lender can then dispose of the property per the Uniform Commercial Code. Any proceeds exceeding the amount needed to cover outstanding payments, other amounts due, and disposal costs will be returned to the City or other creditors. The City will only be liable for unpaid costs related to the disposition of the property; (3) direct an escrow agent holding funds from the property schedule to release those funds to the lender. These funds will be applied to the City's obligations under the schedule; (4) take any legal action necessary to enforce or protect its rights under the property schedule and the agreement.

In the prior years, the City entered into an agreement to purchase street sweeper, lift truck, fire truck, ambulance, and defibrillators. In 2023, the City entered into an agreement to purchase a new ambulance. These agreements are reflected as financed purchases in the financial statements. Payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. Financed purchases will be paid from the Capital Improvement Capital Projects Fund, and the Fire Fund Special Revenue Fund.

The future minimum financed purchase payments are as follows:

Year	Financed Purchases	
	Principal	Interest
2024	\$255,611	\$10,724
2025	94,871	3,163
	<u>\$350,482</u>	<u>\$13,887</u>

City of Marietta, Ohio
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The City has outstanding agreements to lease vehicles. The future 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. These leases are paid from the following funds: Fire special revenue fund, court capital improvement project fund and capital improvement project fund A summary of the principal and interest amounts for the remaining leases in the governmental funds is as follows:

Year	Governmental Leases	
	Principal	Interest
2024	\$201,062	\$23,190
2025	209,852	14,400
2026	125,393	6,197
2027	55,920	1,977
2028	7,707	276
	<u>\$599,935</u>	<u>\$46,040</u>

Business-Type Activities

Principal and interest requirements to retire the Water and Sewer Fund bonds outstanding at December 31, 2023, are as follows:

Year	Sewer Bonds		Water Bonds	
	Principal	Interest	Principal	Interest
2024	\$45,000	\$18,350	\$100,000	\$40,950
2025	45,000	17,000	100,000	37,950
2026	45,000	15,650	105,000	34,950
2027	50,000	14,300	110,000	31,800
2028	50,000	12,550	110,000	27,950
2029-2033	280,000	32,125	625,000	71,487
	<u>\$515,000</u>	<u>\$109,975</u>	<u>\$1,150,000</u>	<u>\$245,087</u>

During 2011, the City entered into a loan with the OWDA in the amount of \$5,507,326 at 3.00 percent interest for the purpose of renovations Waste Water Treatment Plant phase 1A and 1B. Payments are due July 1 of each year through 2033.

During 2012, the City entered into a loan with the OWDA in the amount of \$6,558,131. \$6,504,256 is at 2.38 percent interest and \$53,875 is at 2.14 percent interest for the purpose of renovations Waste Water Treatment Plant. An amortization schedule has not been established for this loan.

During 2016, the City entered into a loan with the OWDA in the amount of \$6,746,039 at 0.57 percent interest for the purpose of renovations Waste Water Treatment Plant phase 3 scope 2 and 3. Payments are due January 1 of each year through 2048.

During 2016, the City entered into a loan with the OWDA in the amount of \$1,033,032 at 2.27 percent interest for the purpose of improvement on the Muskingum River Forcemain. Payments are due July 1 of each year through 2047.

During 2016, the City entered into a loan with the OWDA in the amount of \$1,082,349 at 2.05 percent interest, for the purpose of improvement on the Harmar Lift Station. Payments are due July 1 of each year through 2047.

City of Marietta, Ohio
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During 2016, the City entered into a loan with the OWDA in the amount of \$915,697. \$728,622 at 2.58 percent interest, \$29,792 at 1.97 percent, and \$157,283 at 2.04 percent for the purpose of repair on the Harmar Village and Post Street Sanitary Sewer. Payments are due July 1 of each year through 2050.

During 2017, the City entered into a loan with the OWDA in the amount of \$936,422 at 2.98 percent interest for the purpose of Sewer meter replacement. Payments are due July 1 of each year through 2038.

During 2017, the City entered into a loan with the OWDA in the amount of \$9,524,950 at 1.89 percent interest for the purpose of renovations Waste Water Treatment Plant phase 3 and 4. Payments are due January 1 of each year through 2049.

During 2020, the City entered into a loan with the OWDA in the amount of \$1,284,967 at 1.03 percent interest for the purpose of Aeration System Upgrade. An amortization schedule has not been established for this loan.

During 2023, the City entered into loan agreements with OWDA in the amounts of \$237,950 and \$22,050 for Colegate Drive improvements. The full amounts are subject to principal forgiveness.

During 2017, the City entered into a loan with the OWDA in the amount of \$1,800,489 at 3.10 percent interest for the purpose of Green Street and Colegate Drive Waterline replacement. Payments are due July 1 of each year through 2047.

During 2017, the City entered into a loan with the OWDA in the amount of \$634,781 at 2.98 percent interest for the purpose of Route 676 and Harmar Tank Paintings. Payments are due July 1 of each year through 2032.

During 2017, the City entered into a loan with the OWDA in the amount of \$730,230 at 3.10 percent interest for the purpose of Hadley Lane and Sherry Drive Waterline replacement. Payments are due July 1 of each year through 2047.

During 2017, the City entered into a loan with the OWDA in the amount of \$337,372 at 2.98 percent interest for the purpose of North Hills Elevated Water Tank Painting. Payments are due July 1 of each year through 2032.

During 2017, the City entered into a loan with the OWDA in the amount of \$936,422 at 2.98 percent interest for the purpose of Water Meter replacement. Payments are due July 1 of each year through 2038.

During 2017, the City entered into a loan with the OWDA in the amount of \$1,163,272. \$867,210 at 2.98 percent interest and \$296,062 at 2.88 percent interest for the purpose of Ground Storage and Tank Rehab/Painting. Payments are due July 1 of each year through 2038.

During 2019, the City entered into a loan with the OWDA in the amount of \$1,054,561 at 2.29 percent interest for the purpose of Alta Street and Lancaster Street Waterline replacement. Payments are due July 1 of each year through 2050.

During 2020, the City entered into a loan with the OWDA in the amount of \$671,193 at 1.73 percent interest for the purpose of Pine Meadows Tank, East Norwood, and Glendale Reservoir improvements. Payments are due July 1 of each year through 2042.

City of Marietta, Ohio
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During 2022, the City entered into a loan with the OWDA in the amount of \$1,460,689 at 2.59 percent interest for the purpose of Glendale Extension Water line replacement phase 1. An amortization schedule has not been established for this loan.

During 2023, the City entered into a loan with the OWDA in the amount of \$45,976,474, with \$35,876,474 at 1.38 percent interest for the purpose of Water Treatment Plant Replacement. The remaining \$10,100,000 is subject to principal forgiveness. An amortization schedule has not been established for this loan.

During 2023, the City entered into loan agreements with OWDA in the amount of \$400,000 for Lead investigation. The full amount is subject to principal forgiveness.

During 2023, the City entered into a loan with the OWDA in the amount of \$164,089 at zero percent interest for the purpose of Duck Creek Interceptor renewal. An amortization schedule has not been established for this loan.

Principal and interest requirements to retire the OWDA loans at December 31, 2023, are as follows:

Year	OWDA Loans			
	Sewer		Water	
	Principal	Interest	Principal	Interest
2024	\$435,776	\$261,261	\$137,094	\$83,543
2025	884,709	347,902	279,977	161,020
2026	902,602	330,008	287,884	151,722
2027	920,939	311,671	296,014	143,587
2028	939,728	292,863	304,382	136,744
2029-2033	4,966,062	1,152,375	1,577,138	562,845
2034-2038	3,533,497	754,305	1,397,950	391,350
2039-2044	3,528,736	480,914	889,704	182,479
2044-2048	3,635,037	203,651	707,789	26,543
2049-2050	495,750	8,460	71,543	1,645
	<u>\$20,242,836</u>	<u>\$4,143,410</u>	<u>\$5,949,475</u>	<u>\$1,841,478</u>

The City's outstanding OWDA loans from direct borrowings related to business type activities of \$33,101,061 contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2050. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$29,403,763. Principal and interest payments for the current year were \$1,713,621, net revenues were \$2,320,139, and total revenues were \$5,844,186.

The City has pledged future water customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2050. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest

City of Marietta, Ohio
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For the Year Ended December 31, 2023

payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is 9,682,184. Principal and interest payments for the current year were \$509,932, net revenues were \$463,134, and total revenues were \$4,194,042.

During 2005, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$479,935 at 2.00 percent interest for the purpose of Glendale Tank Replacement. Payments are due January 1 of each year through 2026.

During 2017, the City entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$488,125 at zero percent interest for the purpose of Waste Water treatment plant renovations phase 3. Principal payments are due January 1 of each year through 2048.

Principal and interest requirements to retire the Sewer and Water Enterprise Fund loan liabilities at December 31, 2023, are as follows:

Year	OPWC		
	Sewer	Water	
	Principal	Principal	Interest
2024	\$16,270	\$14,046	\$570
2025	16,270	28,516	718
2026	16,270	14,472	145
2027	16,270	0	0
2028	16,270	0	0
2029-2033	81,355	0	0
2034-2038	81,355	0	0
2039-2043	81,355	0	0
2044-2048	65,085	0	0
	<u>\$390,500</u>	<u>\$57,034</u>	<u>\$1,433</u>

The City's outstanding OPWC loans from direct borrowings related to business type activities of \$447,534 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

These financed purchase from direct borrowing agreement contains provisions in the event of a default. Upon the occurrence of an event of default, and as long as the event of default is continuing, the Lessee may, at its option, exercise any one or more of the following remedies: (1) declare all contract payments and other amounts payable by City hereunder to the end of the then current Budget year to be immediately due and payable, with or without terminating the contract; (2) require City, at its expense to redeliver any or all of the equipment and any additional collateral, within 15 days after the event of default occurs. If the City fails to deliver the equipment and any additional collateral, the lender may enter the premises where the equipment and any additional collateral is located and take possession of the equipment and any additional collateral and charge the City for costs incurred. Notwithstanding that lender has taken possession of the equipment and any additional collateral, the City shall still be obligated to pay the remaining contract payments due up until the end of the then current original term or renewal term. The City will be liable for any damage to the equipment; (3) take whatever action at law or in equity that may appear necessary desirable to enforce its rights. The City shall be responsible for lessee for all costs incurred by the lender in the enforcement of its rights under the contract including but not limited to reasonable attorney fees.

City of Marietta, Ohio
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In 2023 the City entered into an agreement to purchase a skid steer and in prior years, the City entered into agreement to purchase sewer vacuum truck. These agreements are reflected as a financed purchases in the financial statements. The future minimum financed purchase payments are as follows:

Year	Financed Purchase	
	Principal	Interest
2024	\$64,995	\$4,749
2025	12,502	1,946
2026	13,120	1,328
2027	13,767	680
	<u>\$104,384</u>	<u>\$8,703</u>

The City has outstanding agreements to lease vehicles. The future 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. A summary of the principal and interest amounts for the remaining leases for Sewer Business Enterprise Fund and Water Business Enterprise Fund is as follows:

Year	Sewer Leases		Water Leases	
	Principal	Interest	Principal	Interest
2024	\$33,923	\$3,115	\$14,622	\$1,499
2025	35,335	1,703	10,599	795
2026	15,378	454	5,545	364
2027	2,994	123	2,994	123
	<u>\$87,630</u>	<u>\$5,395</u>	<u>\$33,760</u>	<u>\$2,781</u>

As of December 31, 2023, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$30,368,608.

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

Compensated absences reported in the "compensated absences payable" account will be paid from the fund which the employees' salaries are paid, which are the General Fund; the Street, Fire Levy, Law Director, and Community Development Special Revenue Funds; and the Water and Sewer Enterprise Funds. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the General Fund; the Street, Fire Fund, Court, and Community Development Special Revenue Funds; and the Water and Sewer Enterprise Funds. For additional information related to the net pension/OPEB liabilities, see Notes 12 and 13.

City of Marietta, Ohio
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For the Year Ended December 31, 2023

NOTE 15 - INTERFUND BALANCES AND TRANSFERS

A. Balances

Internal Balances – Change in Proportionate Share

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

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities				
<i>Governmental Activities</i>	\$4,327	\$0	\$502	\$0
Business-Type Activities				
Water	0	4,327	0	502
Total	<u>\$4,327</u>	<u>\$4,327</u>	<u>\$502</u>	<u>\$502</u>

Other Internal Balances

At year end, the Marietta Harbor Capital Projects Fund owed the General Fund \$6,890 for advanced grant monies. The Recreation Special Revenue Fund owed the General Fund \$46,677 for expenditures paid by the General Fund that should have been paid for by the Recreation Fund. The Fire Special Revenue Fund owed the General Fund \$95,314 for expenditures paid by the General Fund that should have been paid for by the Fire Levy Fund. Also, the Armory Cultural Facilities Gym Special Revenue Fund owed the Capital Improvements Capital Projects Fund \$14,225 for advances made until rental income is received.

B. Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

	Transfer In
Transfer Out	Other Nonmajor Governmental Funds
Major Funds:	
General	\$75,643
Street	4,655
Other Nonmajor Governmental Funds	451,030
	<u>\$531,328</u>

Transfers were made for the payment of debt.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - ENDOWMENTS

The City's permanent funds include donor-restricted endowments. Net Position – Perpetual Care – Non-expendable of \$491,691 represents the principal portion of the Cemetery endowment. Net Position – Park – Non-expendable of \$711 represents the principal portion of the Park endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body, for purposes consistent with the endowment's intent \$6,601 and is included as Net Position – Perpetual Care – Expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicated that the interest should be used to maintain certain cemetery plots and the Cisler Park each year.

NOTE 17 - SIGNIFICANT COMMITMENTS

A. Encumbrances

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

Governmental Funds:	
General Fund	\$286,770
Street Fund	161,125
Community Development Fund	11,000
Local Fiscal Recovery Fund	1,972,402
Nonmajor Governmental Funds	<u>72,107</u>
<i>Total Governmental Funds</i>	<u>2,503,404</u>
Enterprise Funds:	
Water Fund	779,118
Sewer Fund	<u>895,058</u>
<i>Total Enterprise Funds</i>	<u>1,674,176</u>
Total	<u>\$4,177,580</u>

B. Contractual Commitments

As of December 31, 2023, the City had contractual purchase commitments for projects in various funds. The amount for each project is as follows:

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Project and Fund	Purchase Commitments	Amount Expended	Amount Remaining on Contracts
Fiber Optic Project - Street Fund	\$811,767	\$808,048	\$3,719
Fire Station 1 Expansion - Local Fiscal Recovery Fund	183,446	183,446	0
ADA 304 Building Project - Local Fiscal Recovery Fund	954,696	84,417	870,279
308 Putnam St Roof- Local Fiscal Recovery Fund	5,839	5,839	0
Signal Project- Local Fiscal Recovery Fund	153,290	153,290	0
Hadley Field Project- Local Fiscal Recovery Fund	98,496	98,496	0
Indian Acres Pavillion Project- Capital Porject Fund	12,040	12,040	0
ADA Curb Project- Street Fund	158,162	157,777	385
Total Governmental Activities Projects	<u>2,377,736</u>	<u>1,503,353</u>	<u>874,383</u>
Planning and Zoning - City - General Fund	114,448	24,225	90,223
Water Lead Service Line Investigations - Water Fund	100,000	25,928	74,072
Bike Path Slip Repair:			
General Fund	29,598	20,200	9,398
Local Fiscal Recovery Fund	390,543	390,543	0
Sewer Fund	412,935	25,106	387,829
Total non-capital Projects	<u>1,047,524</u>	<u>486,002</u>	<u>561,522</u>
Water Treatment Plant Upgrade	9,839,816	7,085,046	2,754,770
Glendale Road Waterline Replacement	1,416,604	1,409,934	6,670
Colegate Drive Micor Monitoring Project for Water Plant	170,000	166,068	3,932
State Route 7 Water Transission Main	250,000	14,722	235,278
Total Water Projects	<u>11,676,420</u>	<u>8,675,770</u>	<u>3,000,650</u>
Duck Creek Sewer Shed Evaulation and Rehab	209,181	98,384	110,797
East Norwood Pump Station	823,075	215,488	607,587
State Route 7 North Sewer Extension	106,400	106,400	0
Total Sewer Projects	<u>1,138,656</u>	<u>420,272</u>	<u>718,384</u>
Total All Projects	<u>\$16,240,336</u>	<u>\$11,085,397</u>	<u>\$5,154,939</u>

NOTE 18 - FUND BALANCES

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Street	Community Development	Local Fiscal Recovery	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>						
Prepaid Items	\$236,870	\$25,273	\$1,012	\$27,175	\$50,573	\$340,903
Park Endowments	0	0	0	0	711	711
Cemetery Endowments	0	0	0	0	491,691	491,691
Unclaimed Monies	29,565	0	0	0	0	29,565
Inventory	20,258	52,675	0	0	0	72,933
<i>Total Nonspendable</i>	<u>286,693</u>	<u>77,948</u>	<u>1,012</u>	<u>27,175</u>	<u>542,975</u>	<u>935,803</u>
<u>Restricted for:</u>						
Street	0	1,440,216	0	0	0	1,440,216
Cemetery	0	0	0	0	37,310	37,310
Community Development	0	0	565,899	0	0	565,899
Cemetery Trust	0	0	0	0	6,601	6,601
Fire Operations	0	0	0	0	2,446,806	2,446,806
Police Operations	0	0	0	0	251,067	251,067
Court Operations	0	0	0	0	665,583	665,583
Other Purposes	0	0	0	183,252	0	183,252
Security of Persons and Property-Other	0	0	0	0	1,900	1,900
OneOhio Opioid Settlement	0	0	0	0	23,263	23,263
Janssen Opioid Settlement	0	0	0	0	14,709	14,709
National Opioid Abatement Trust	0	0	0	0	3,712	3,712
Tourist and Convention	0	0	0	0	167	167
Bond and Note Retirement	0	0	0	0	21,305	21,305
Court Improvements	0	0	0	0	165,111	165,111
Capital Improvements	0	0	0	0	286,090	286,090
<i>Total Restricted</i>	<u>0</u>	<u>1,440,216</u>	<u>565,899</u>	<u>183,252</u>	<u>3,923,624</u>	<u>6,112,991</u>
<u>Committed to:</u>						
General	30,000	0	0	0	0	30,000
Recreation	0	0	0	0	106,335	106,335
Parking	0	0	0	0	105,698	105,698
Other Local Funds	0	0	0	0	4,546	4,546
<i>Total Committed</i>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>216,579</u>	<u>246,579</u>
<u>Assigned to:</u>						
2024 Appropriations	214,936	0	0	0	0	214,936
Purchases on Order	811,054	0	0	0	0	811,054
<i>Total Assigned</i>	<u>1,025,990</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,025,990</u>
Unassigned (Deficit):	<u>1,904,794</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,576)</u>	<u>1,883,218</u>
Total Fund Balances	<u><u>\$3,247,477</u></u>	<u><u>\$1,518,164</u></u>	<u><u>\$566,911</u></u>	<u><u>\$210,427</u></u>	<u><u>\$4,661,602</u></u>	<u><u>\$10,204,581</u></u>

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 19 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insurance is with Public Entities Pool of Ohio. The following lists the coverage limits and deductibles:

<u>Property</u>	<u>Limit</u>	<u>Deductible</u>	
Real and Personal Property	\$156,932,160	\$10,000	
Boiler and Machinery	100,000,000	10,000	
<u>Liability</u>	<u>Limit (Per Occurrence)</u>	<u>Aggregate</u>	<u>Deductible</u>
Commercial General	7,000,000	7,000,000	\$0
Employee Benefits	1,000,000	1,000,000	1,000
Employer Liability	7,000,000	7,000,000	0
Public Officials Wrongful Acts	7,000,000	7,000,000	5,000
Law Enforcement	7,000,000	7,000,000	10,000

Vehicles are covered by Public Entities Pool of Ohio and have a \$1,000 deductible for comprehensive and \$1,000 for collision. Automobile liability has a \$7,000,000 combined single limit for bodily injury and liability for property damage. The Budget Procurement Director reviews all claims.

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

The City participates in the Workers' Compensation Program provided by the State of Ohio.

NOTE 20 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

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

B. Employee Health Benefits

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

The City provides comprehensive major medical, vision, and dental insurance under the Michigan Conference of Teamsters Welfare Fund through Blue Cross and Blue Shield. Premiums are based on a per week, per employee (no family or single rates) basis. The City pays 85% for non-union employees, 85% for police and fire employees, and 90% for teamster employees. Rates are \$402.55 per week per employee. Premiums are paid from the same funds that pay the employees' salaries.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

C. Compensated Absences

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

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS

A. The Buckeye Hills Regional Council

The Buckeye Hills Regional Council serves Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The Council is governed by a fifteen-member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The City contributed \$2,995 to the Council during 2023. The continued existence of the Council is not dependent on the City's continued participation and no equity interest exists.

B. Washington-Morgan Community Action Corporation

The Community Action Program Corporation of Washington-Morgan Counties, Ohio is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Children's' Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, Housing and Urban Development Section 8 Existing Housing Voucher Program, and various other State and federal programs. The Corporation is the direct recipient of the federal and State monies, except for monies passed thru to it from the City for the Housing and Urban Development Section 8 Existing Housing Voucher and Comprehensive Housing Improvement Programs. The Corporation is governed by a fifteen-member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers.

Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2023, the Corporation received no administrative fees from the City. The continued existence of the Corporation is not dependent on the City's continued participation and no equity interest exists.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

C. The Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is comprised of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has ten governmental representatives, and the Mayor of the City of Marietta serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2023, the City of Marietta made contribution of \$5,584. The continued existence of the Commission is not dependent on the City's continued participation and no equity interest exists.

NOTE 22 - CONTINGENCIES

A. Grants

The City received financial assistance from the federal and state agencies in the form of grants. The distribution of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2023.

B. Litigation

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

NOTE 23 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

NOTE 24 - RELATED PARTY TRANSACTIONS

Marietta and Belpre Joint Consolidated Health District (Health District), a discretely component unit of the City of Marietta, received contributions from the City for health services. These contributions are reflected as operating expenses at cost in the basic financial statements in the amount of \$300,000 and they are reflected as in-kind contributions by the Health District, discretely presented component unit.

NOTE 25 - MARIETTA AND BELPRE JOINT CONSOLIDATED HEALTH DISTRICT,
COMPONENT UNIT NOTE

Note 1 – Reporting Entity

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

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

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Health District in that the Health District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Health District. There were no component units of the Health District in 2023.

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

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

Note 2 – Summary of Significant Accounting Policies

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Health District as a whole.

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

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

Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All the Health District's funds are governmental funds.

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

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Home Health Services Fund The Home Health Services Fund accounts for governmental reimbursements (welfare, BCMH, Medicare/Medicaid) and fees received for services performed. Expenditures are for medical supplies, home services, and payroll expenses.

Food Services Fund The Food Services Fund accounts for grants and licenses and permits for food service operations. Expenditures are for supplies, services, and payroll expenses.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Vital Statistics Fund The Vital Statistics Fund accounts for fees associated with birth certificates, death certificates, and other vital events.

Federal Fund The Federal Fund accounts for grants received and expenditures related to five federal grants related to COVID-19.

Measurement Focus

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

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

Basis of Accounting

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

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

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Health District, deferred inflows of resources include pension, OPEB, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Health District, unavailable revenue includes intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 11 and 12).

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

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

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities
Machinery and Equipment	10 years
Vehicles	10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable". The balances are to be used by employees in the year following the year in which the benefit was earned.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

Net Position

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed.

In the general fund, *assigned* amounts represent intended uses established by the Health District or a Health District official delegated that authority by resolution, or by State Statute. State Statute authorizes the fiscal officer to assign fund balance for purchases on order, provided those amounts have been lawfully appropriated.

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

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

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Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

Estimates

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

Note 3 – Change in Accounting Principles

For 2023, the Health District 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 Health District 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). These changes were incorporated in the Health District's 2023 financial statements. The Health District 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 Health District also implemented the guidance in GASB's Implementation Guide No. 2021-1, Implementation Guidance Update—2021 (other than question 5.1).

Note 4 – Deposits and Investments

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

City of Marietta, Ohio
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For the Year Ended December 31, 2023

Note 5 – Receivables

Receivables at December 31, 2023, consisted primarily of intergovernmental receivables arising from grants and governmental reimbursements and accounts receivables from charges. All receivables are considered collectible in full within one year. A summary of the principal items of intergovernmental receivables follows:

MAC Time Study Reimbursements	\$50,957
Public Health WF23 Grant	6,727
Health Subsidy	3,680
Medicare/Medicaid Reimbursements	3,491
Home Health Services	1,622
BCMh Reimbursements	1,320
Falls Grant	400
Total	<u><u>\$68,197</u></u>

Note 6 – Risk Management

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

Property and Liability

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP engages Sedgwick to serve as the administrator of the Pool. Sedgwick specializes in public entity risk pool management and provides a full spectrum of administrative services. As provided for in its administrative agreement, Sedgwick contracts specific services to subcontractors. Marketing and member services are provided by Burnham and Flower Agency of Ohio, Inc. and USI Midwest, LLC. Claim and cyber risk assessment control services are provided by Sedgwick's wholly owned subsidiary, Public Entity Risk Services of Ohio. PEP reimburses these organizations for their services pursuant to the terms of their respective agreements with Sedgwick. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by Sedgwick. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2022, the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and York periodically review the financial strength of PEP and other market conditions to determine the appropriate level of risk PEP will retain. There has been no significant reduction in coverage from last year.

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

Financial Position

PEP's financial statements conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities, and net position at December 31, 2023:

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<u>Casualty and Property Coverage</u>	<u>2023</u>	<u>2022</u>
Assets	\$67,306,752	\$61,537,313
Liabilities	23,172,377	18,643,081
Net Position - Unrestricted	<u>\$44,134,375</u>	<u>\$42,894,232</u>

At December 31, 2023, the liabilities in the preceding table include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position in the preceding table include approximately \$17.7 million of unpaid claims to be billed to approximately 616 member governments in the future, as of December 31, 2023. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are expected to increase slightly from those used to determine the historical contributions detailed as follows. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The Health District's contributions for 2023 totaled \$5,089.

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members may receive a partial refund of their capital contributions as defined by the contract.

Withdrawing members have no other future obligations to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

Workers' Compensation

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

Note 7 – Other Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from Health District policies and State laws.

As of 2023 all employees no matter of hired date are paid twenty-five percent of their sick leave at the time of retirement up to a maximum of 30 days accumulation with at least 10 years of service.

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

Insurance

The Health District provides \$20,000 in accidental death and dismemberment insurance to its full-time employees through Standard Life Insurance.

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

Note 8 – Long-Term Obligations

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

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Amounts Due In One Year
Net Pension Liability - OPERS	\$241,610	\$705,443	\$0	\$947,053	\$0
Net OPEB Liability - OPERS	0	18,827	0	18,827	0
<i>Total Long-term Obligations</i>	<u>\$241,610</u>	<u>\$724,270</u>	<u>\$0</u>	<u>\$965,880</u>	<u>\$0</u>

There is no repayment schedule for the net pension liability or the net OPEB liability; however, employer pension and OPEB contributions are made from the funds benefitting from their service. For additional information related to the net pension liability and the net OPEB asset, see Notes 11 and 12.

Note 9 – Contingencies

Grants

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

Litigation

Management is not aware of any pending litigation.

Note 10 – Capital Assets

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

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	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Governmental Activities:				
Capital Assets being Depreciated:				
Machinery and Equipment	\$16,847	\$0	\$0	\$16,847
Vehicles	42,847	0	0	42,847
Total Capital Assets being Depreciated	59,694	0	0	59,694
Less Accumulated Depreciation:				
Machinery and Equipment	(2,328)	(4,285)	0	(6,613)
Vehicles	(7,290)	(1,685)	0	(8,975)
Total Accumulated Depreciation	(9,618)	(5,970)	0	(15,588)
Total Capital Assets being Depreciated, Net	\$50,076	(\$5,970)	\$0	\$44,106

Note 11 – Defined Benefit Pension Plans

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

Net Pension Liability)/Net OPEB Liability

The net pension liability 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 represent the Health District’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 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 Health District’s obligation for this liability to annually required payments. The Health District’s cannot control benefit terms or the manner in which pensions are financed; however, the Health District’s 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.

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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* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health District Employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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):

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

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

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

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

For 2023, the Health District's contractually required contribution was \$79,405 for the traditional plan. Of this amount, \$11,145 is reported as an intergovernmental payable for the traditional plan.

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

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

	<u>OPERS Traditional Plan</u>
Proportion of the Net Pension Liability/Asset:	
Current Measurement Date	0.00320600%
Prior Measurement Date	<u>0.00277700%</u>
Change in Proportionate Share	<u>0.00042900%</u>
Proportionate Share of the:	
Net Pension Liability	\$947,053
Pension Expense	174,546

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

	OPERS <u>Traditional Plan</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$31,457
Changes of assumptions	10,005
Net difference between projected and actual earnings on pension plan investments	269,940
Changes in proportion and differences between Health District contributions and proportionate share of contributions	45,298
Health District contributions subsequent to the measurement date	<u>75,405</u>
Total Deferred Outflows of Resources	<u>\$432,105</u>
Deferred Inflows of Resources	
Changes in proportion and differences between Health District contributions and proportionate share of contributions	<u>\$1,739</u>
Total Deferred Inflows of Resources	<u>\$1,739</u>

\$75,405 reported as deferred outflows of resources related to pension resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 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:

	OPERS <u>Traditional Plan</u>
Year Ending December 31:	
2024	\$65,582
2025	77,687
2026	79,456
2027	<u>132,236</u>
Total	<u>\$354,961</u>

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.

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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:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
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 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 as follows:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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	100.00%	

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 Health District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Health District's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the Health District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (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%)
Health District's proportionate share of the net pension liability			
OPERS Traditional Plan	\$1,418,655	\$947,053	\$554,766

Note 12 – Defined Benefit OPEB Plans

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

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

City of Marietta, Ohio
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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.

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.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 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 Health District did not have a contractually required contribution or intergovernmental payable for 2023.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 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 Health District's proportion of the net OPEB liability was based on the Health District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00298600%
Prior Measurement Date	<u>0.00258500%</u>
Change in Proportionate Share	<u><u>0.00040100%</u></u>
Proportionate Share of the Net OPEB Liability	\$18,827
OPEB Expense	(\$27,193)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes of assumptions	\$18,389
Net difference between projected and actual earnings on OPEB plan investments	37,392
Changes in proportion and differences between Health District contributions and proportionate share of contributions	<u>258</u>
Total Deferred Outflows of Resources	<u><u>\$56,039</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$4,696
Changes of assumptions	1,513
Changes in proportion and differences between Health District contributions and proportionate share of contributions	<u>266</u>
Total Deferred Inflows of Resources	<u><u>\$6,475</u></u>

There are no amounts reported as deferred outflows of resources related to OPEB resulting from Health District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Year Ending December 31:	<u>OPERS</u>
2024	\$6,067
2025	13,772
2026	11,661
2027	<u>18,064</u>
Total	<u><u>\$49,564</u></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

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

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Sensitivity of the Health District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Health District's proportionate share of the net OPEB asset calculated using the single discount rate of 5.22 percent, as well as what the Health District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (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%)
Health District's proportionate share of the net OPEB liability (asset)	\$64,080	\$18,827	(\$18,513)

Sensitivity of the Health District'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
Health District's proportionate share of the net OPEB liability	\$17,647	\$18,827	\$20,156

Note 13 – Encumbrances

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

General Fund	\$183
Home Health Services Fund	570
Federal Funds	99
Total	<u>\$852</u>

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Health District received COVID-19 funding. The Health District spent the available COVID-19 funding consistent with the applicable program guidelines.

City of Marietta, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 15 – Related Party Transactions

The Health District received contributions of \$300,000 from the City of Marietta in 2023.

**Required
Supplementary
Information**

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

	2023	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.04011300%	0.04306200%	0.04143700%	0.04062100%	0.04076686%
City's Proportionate Share of the Net Pension Liability	\$11,849,399	\$3,746,568	\$6,135,917	\$8,029,018	\$11,165,216
City's Covered Payroll	\$6,217,921	\$6,253,443	\$5,836,243	\$5,716,136	\$5,857,729
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.57%	59.91%	105.13%	140.46%	190.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.0437390%	0.0450670%	0.0460500%	0.0447790%	0.0447790%
\$6,861,802	\$10,233,950	\$7,976,440	\$5,400,850	\$5,278,861
\$5,780,200	\$5,841,708	\$5,713,392	\$5,489,950	\$5,263,900
118.71%	175.19%	139.61%	98.38%	100.28%
84.66%	77.25%	81.08%	86.45%	86.36%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability	0.17796040%	0.18290960%	0.17827920%	0.01874138%	0.1882620%
City's Proportionate Share of the Net Pension Liability	\$16,904,512	\$11,427,133	\$12,153,454	\$12,625,195	\$15,367,154
City's Covered Payroll	\$4,687,687	\$4,592,493	\$4,315,455	\$4,390,152	\$4,196,354
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	360.62%	248.82%	281.63%	287.58%	366.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014
0.1913490%	0.1938020%	0.2030680%	0.2019690%	0.2019690%
\$11,743,952	\$12,275,225	\$13,063,507	\$10,462,836	\$9,836,523
\$4,124,587	\$4,097,169	\$4,110,039	\$3,959,279	\$3,459,395
284.73%	299.60%	317.84%	264.26%	284.34%
70.91%	68.36%	66.77%	71.71%	73.00%

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

	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.0389850%	0.0417170%	0.0399780%	0.0390750%	0.0392798%	0.0423100%	0.0436700%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$245,808	(\$1,306,640)	(\$712,240)	\$5,397,272	\$5,121,155	\$4,594,553	\$4,410,818
City's Covered Payroll	\$6,411,096	\$6,426,818	\$5,975,118	\$5,825,011	\$6,060,975	\$5,992,937	\$6,035,125
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.83%	-20.33%	-11.92%	91.52%	84.49%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	86.88%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the report supplementary information

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

	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.17796040%	0.18290960%	0.17827920%	0.18741380%	0.1882620%	0.1913490%	0.1938020%
City's Proportionate Share of the Net OPEB Liability	\$1,267,027	\$2,004,848	\$1,888,897	\$1,851,223	\$1,714,414	\$10,841,567	\$9,199,345
City's Covered Payroll	\$4,687,687	\$4,592,493	\$4,315,455	\$4,390,152	\$4,196,354	\$4,124,587	\$4,097,169
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	27.03%	43.65%	43.77%	42.17%	40.85%	262.85%	224.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

See accompanying notes to the report supplementary information

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

	2023	2022	2021	2020	2019
Net Pension Liability - Traditional Plan					
Contractually Required Contribution	\$877,345	\$870,509	\$875,482	\$817,074	\$800,259
Contributions in Relation to the Contractually Required Contribution	<u>(877,345)</u>	<u>(870,509)</u>	<u>(875,482)</u>	<u>(817,074)</u>	<u>(800,259)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,266,750	\$6,217,921	\$6,253,443	\$5,836,243	\$5,716,136
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (2)					
Contractually Required Contribution	\$8,125	\$7,727	\$6,935	\$5,555	\$4,355
Contributions in Relation to the Contractually Required Contribution	<u>(8,125)</u>	<u>(7,727)</u>	<u>(6,935)</u>	<u>(5,555)</u>	<u>(4,355)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,515,221	\$6,411,096	\$6,426,818	\$5,975,118	\$5,825,011
Contributions as a Percentage of Covered Payroll	<u>0.12%</u>	<u>0.12%</u>	<u>0.11%</u>	<u>0.09%</u>	<u>0.07%</u>

(1) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution plan; therefore, the pension side is not included above.

(2) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$820,082	\$751,426	\$701,005	\$685,607	\$658,794
<u>(820,082)</u>	<u>(751,426)</u>	<u>(701,005)</u>	<u>(685,607)</u>	<u>(658,794)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,857,729	\$5,780,200	\$5,841,708	\$5,713,392	\$5,489,950
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$3,433	\$62,752	\$122,486		
<u>(3,433)</u>	<u>(62,752)</u>	<u>(122,486)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$6,060,975	\$5,992,937	\$6,035,125		
<u>0.06%</u>	<u>1.05%</u>	<u>2.03%</u>		

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

	2023	2022	2021	2020	2019
Net Pension Liability					
Contractually Required Contribution	\$1,055,346	\$1,004,823	\$987,447	\$924,366	\$941,875
Contributions in Relation to the Contractually Required Contribution	<u>(1,055,346)</u>	<u>(1,004,823)</u>	<u>(987,447)</u>	<u>(924,366)</u>	<u>(941,875)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$4,955,706	\$4,687,687	\$4,592,493	\$4,315,455	\$4,390,152
Pension Contributions as a Percentage of Covered Payroll	<u>21.30%</u>	<u>21.44%</u>	<u>21.50%</u>	<u>21.42%</u>	<u>21.45%</u>
Net OPEB Liability					
Contractually Required Contribution	\$22,110	\$23,439	\$22,963	\$21,577	\$21,951
Contributions in Relation to the Contractually Required Contribution	<u>(22,110)</u>	<u>(23,439)</u>	<u>(22,963)</u>	<u>(21,577)</u>	<u>(21,951)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.45%</u>	<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>21.75%</u>	<u>21.94%</u>	<u>22.00%</u>	<u>21.92%</u>	<u>21.95%</u>

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$901,376	\$885,905	\$878,981	\$880,336	\$845,227
<u>(901,376)</u>	<u>(885,905)</u>	<u>(878,981)</u>	<u>(880,336)</u>	<u>(845,227)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,196,354	\$4,124,587	\$4,097,169	\$4,110,039	\$3,959,279
<u>21.48%</u>	<u>21.48%</u>	<u>21.45%</u>	<u>21.42%</u>	<u>21.35%</u>
\$20,982	\$20,623	\$20,486	\$20,551	\$19,796
<u>(20,982)</u>	<u>(20,623)</u>	<u>(20,486)</u>	<u>(20,551)</u>	<u>(19,796)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
<u>21.98%</u>	<u>21.98%</u>	<u>21.95%</u>	<u>21.92%</u>	<u>21.85%</u>

City of Maritta, Ohio
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

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 Maritta, Ohio
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.

City of Maritta, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

Changes in Assumptions – OP&F Pension

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	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 Maritta, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

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.

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

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

City of Maritta, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 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 2023.

Changes in Benefit Terms – OPERS OPEB

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

Changes in Benefit Terms – OP&F OPEB

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

**CITY OF MARIETTA, OHIO
WASHINGTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF DEFENSE				
<i>Direct from Federal Government</i>				
Section 594 Ohio Environmental Infrastructure Program	12.XXX	N/A	0	9,540
Total U.S. Department of Defense			0	9,540
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct from Federal Government:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-39-0018	\$0	\$119,531
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-39-0018	0	146,701
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-39-0018	0	1,658
COVID-19: Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-390018	96,708	96,708
Total Community Development Block Grants/Entitlement Grants Cluster			96,708	364,598
<i>Direct from Federal Government:</i>				
Family Self Sufficiency Program	14.896	N/A	36,822	36,822
Section 8 Housing Choice Vouchers	14.871	N/A	2,329,461	2,329,461
Mainstream Vouchers	14.879	N/A	269,373	269,373
Total Housing Voucher Cluster			2,598,834	2,598,834
Total U.S. Department of Housing and Urban Development			2,732,364	3,000,254
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through the Ohio Attorney General's Office:</i>				
Crime Victim Assistance	16.575	2023-VOCA-135109232	0	23,934
Crime Victim Assistance	16.575	2024-VOCA-135500154	0	4,787
Total Crime Victim Assistance			0	28,721
<i>Passed through Ohio Department of Public Safety:</i>				
Violence Against Women Formula Grants	16.588	2021-WF-VA2-8424	0	25,363
Violence Against Women Formula Grants	16.588	2022-WF-VA2-8424	0	18,310
Total Violence Against Women Formula Grants			0	43,673
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-JG-D02-6983	0	32,538
Total U.S. Department of Justice			0	104,932
U.S. DEPARTMENT OF TREASURY				
<i>Ohio Office of Budget and Management</i>				
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	N/A	315,000	3,085,015
<i>Passed through Ohio Department of Public Safety:</i>				
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	2022ARCCB1134	0	102,340
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	2022-AR-LEP-937	0	113,569
<i>Passed through Ohio Emergency Management Agency:</i>				
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	AFRR-283-RET	0	140,000
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	AFRR-160-WELL	0	1,900
Total COVID-19: Coronavirus State And Local Fiscal Recovery Funds			315,000	3,442,824
Total U.S. Department of Treasury			315,000	3,442,824
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through National Association of County and City Health Officials</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	6NU38OT000306-03-06	0	10,175
<i>Passed through Ohio Department of Health</i>				
Assistance Programs for Chronic Disease Prevention and Control	93.945	N/A	0	102,446
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	08420012WF0123	0	27,957
Total U.S. Department of Health and Human Services			0	140,578
Total Expenditures of Federal Awards			\$3,047,364	\$6,698,128

The accompanying notes are an integral part of this Schedule.

**CITY OF MARIETTA
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Marietta, Washington County, Ohio (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - MATCHING REQUIREMENTS

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

CITY OF MARIETTA
WASHINGTON COUNTY
FINANCIAL DATA SCHEDULE- ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$119,214	\$196,346	\$315,560	\$315,560
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$14,314	\$132,093	\$146,407	\$146,407
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$0	\$0
100 Total Cash	\$133,528	\$328,439	\$461,967	\$461,967
121 Accounts Receivable - PHA Projects	\$1,517	\$6,475	\$7,992	\$7,992
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$1,685	\$561	\$2,246	\$2,246
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,202	\$7,036	\$10,238	\$10,238
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$136,730	\$335,475	\$472,205	\$472,205
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements				
166 Accumulated Depreciation				
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$136,730	\$335,475	\$472,205	\$472,205
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$231	\$12,249	\$12,480	\$12,480
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$463	\$1,607	\$2,070	\$2,070
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				

CITY OF MARIETTA
WASHINGTON COUNTY
FINANCIAL DATA SCHEDULE- ENTITY WIDE BALANCE SHEET SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	Total
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$694	\$13,856	\$14,550	\$14,550
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other		\$113,943	\$113,943	\$113,943
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$113,943	\$113,943	\$113,943
300 Total Liabilities	\$694	\$127,799	\$128,493	\$128,493
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets				
511.4 Restricted Net Position	\$16,000	\$17,877	\$33,877	\$33,877
512.4 Unrestricted Net Position	\$120,036	\$189,799	\$309,835	\$309,835
513 Total Equity - Net Assets / Position	\$136,036	\$207,676	\$343,712	\$343,712
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$136,730	\$335,475	\$472,205	\$472,205

CITY OF MARIETTA
WASHINGTON COUNTY
FINANCIAL DATA SCHEDULE- ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$331,573	\$2,277,378	\$2,608,951	\$2,608,951
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted		\$1,084	\$1,084	\$1,084
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$2,215	\$10,770	\$12,985	\$12,985
71500 Other Revenue		\$10,270	\$10,270	\$10,270
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$62	\$62	\$62
70000 Total Revenue	\$333,788	\$2,299,564	\$2,633,352	\$2,633,352
91100 Administrative Salaries	\$1,229	\$42,603	\$43,832	\$43,832
91200 Auditing Fees	\$952	\$8,822	\$9,774	\$9,774
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$591	\$20,546	\$21,137	\$21,137
91600 Office Expenses				
91700 Legal Expense				
91800 Travel	\$2	\$1,811	\$1,813	\$1,813
91810 Allocated Overhead				
91900 Other	\$244	\$8,904	\$9,148	\$9,148
91000 Total Operating - Administrative	\$3,018	\$82,686	\$85,704	\$85,704
92000 Asset Management Fee				
92100 Tenant Services - Salaries	\$9,833	\$127,743	\$137,576	\$137,576
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services	\$6,771	\$80,210	\$86,981	\$86,981
92400 Tenant Services - Other		\$74,710	\$74,710	\$74,710
92500 Total Tenant Services	\$16,604	\$282,663	\$299,267	\$299,267
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				

CITY OF MARIETTA
WASHINGTON COUNTY
FINANCIAL DATA SCHEDULE- ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2023

	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	Total
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$0	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$19,622	\$365,349	\$384,971	\$384,971
97000 Excess of Operating Revenue over Operating Expenses	\$314,166	\$1,934,215	\$2,248,381	\$2,248,381
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$248,760	\$1,970,958	\$2,219,718	\$2,219,718
97350 HAP Portability-In		\$6,454	\$6,454	\$6,454
97400 Depreciation Expense				
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$268,382	\$2,342,761	\$2,611,143	\$2,611,143
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$65,406	-\$43,197	\$22,209	\$22,209
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$71,068	\$239,226	\$310,294	\$310,294
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$438	\$11,647	\$11,209	\$11,209
11170 Administrative Fee Equity		\$189,799	\$189,799	\$189,799
11180 Housing Assistance Payments Equity		\$17,877	\$17,877	\$17,877
11190 Unit Months Available	780	5904	6684	6684
11210 Number of Unit Months Leased	692	4768	5460	5460

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marietta, Washington County, Ohio (the City), as of and for the year ended December 31, 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 July 3, 2025 wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements and restated capital assets due to accumulated depreciation from prior years.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as item 2023-001.


City's Response to Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 3, 2025



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

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

To the City Council:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the City of Marietta's, Washington County, Ohio (City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Marietta's major federal program for the year ended December 31, 2023. The City of Marietta's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on Coronavirus State And Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the City of Marietta complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State And Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Coronavirus State And Local Fiscal Recovery Funds

As described in findings 2023-002 and 2023-003 in the accompanying Schedule of Findings, the City did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-002	21.027	Coronavirus State And Local Fiscal Recovery Funds	Reporting
2023-003	21.027	Coronavirus State And Local Fiscal Recovery Funds	Reporting

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Corrective Action Plan. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

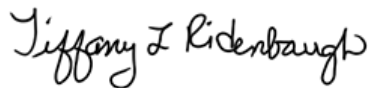
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2023-002 and 2023-003, to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 3, 2025

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**CITY OF MARIETTA
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> Coronavirus State And Local Fiscal Recovery Funds, AL# 21.027 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2023-001

Noncompliance and Significant Deficiency- Excess Leave Accumulation/Payout

The Codified Ordinances of the City of Marietta, § 161.01 – amended March 2023 via Ordinance 239 (22-23) provides, in part, there will be no premium for vacations not taken, nor will earned but unused vacation time carry over from one year to the next; provided however that the Director of Public Safety and Service or other appropriate appointing authority may grant written approval for an employee to carry over a maximum of three weeks vacation, which shall be taken in the next calendar year. At no time shall an employee have an accumulation of more than three weeks unused vacation time carried over from any prior year; provided however that an employee who has submitted a written letter of resignation to be effective within one year of the date of submission may, upon written permission of the Director of Public

**CITY OF MARIETTA
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

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

**FINDING NUMBER 2023-001
(Continued)**

Noncompliance and Significant Deficiency- Excess Leave Accumulation/Payout (Continued)

Safety and Service or other appropriate appointing authority, accumulate up to forty days of unused vacation in anticipation of retirement. The forty days permitted to be accumulated is a maximum, inclusive of any three weeks unused vacation time that may have been carried over and not in addition to it. Upon termination, employees shall be paid for vacation earned but not taken. The amount of time due shall be prorated from the employee's anniversary date. In December of 2023, the Codified Ordinances of the City of Marietta, § 161.01 (e)(i) passed stating that employees covered by Marietta City Ordinance Section 161.01, that have accumulated vacation hours beyond the maximum allowable three weeks (120 hours) annual vacation carryover amount, shall have until December 31, 2024 to take and/or use said excess vacation hours. Any vacation hours in excess of the allowable three weeks that is not used by an employee prior to December 31, 2024 will be lost. All full-time and part-time employees of the City not otherwise provided for by contract or separate ordinance shall receive a two-week paid vacation after one year of service, three weeks after five years, four weeks after ten years and five weeks after fifteen years, and one additional day of vacation for each full year of service over twenty years up to a maximum of five such additional days.

The Agreement between the City of Marietta, Ohio and Teamsters Local Union No. 637 Affiliated with The International Brotherhood of Teamsters effective January 1, 2021 through December 31, 2023 Article 29 provides that all vacation credits must be used within two (2) calendar years following the year in which said credits were earned.

The Agreement between the City of Marietta, Ohio and International Association of Fire Fighters, Local No. 442 Article 17 Section 2 provides each member of the bargaining unit who has additional accrued vacation may accumulate Vacation to be used in anticipation of retirement with vacation for his final year of service up to a maximum of ten weeks.

The Agreement between the City of Marietta and the Fraternal Order of Police effective January 1, 2021 Through December 31, 2023 Article 21 Section 21.1 provides that employees covered by this Agreement shall be entitled to vacation in accordance with the following schedule:

Years of Continuous Service	Vacation Time
1-5	80 Hours
6-10	120 Hours
11-15	160 Hours
16-20	200 Hours
Over 20	Additional 8 hours for each full year of Service over 20. Cap of 40 hours.

Due to deficiencies in established controls, four employees tested carried forward vacation leave balances in excess of the hours allowed as stated in the approved agreements or ordinances:

- One employee subject to city ordinance carried forward 232 hours from 2022 when the limit was 120.
- One employee subject to city ordinance carried forward 238 hours from 2022 when the limit was 120.

**CITY OF MARIETTA
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

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

**FINDING NUMBER 2023-001
(Continued)**

Noncompliance and Significant Deficiency- Excess Leave Accumulation/Payout (Continued)

- One employee subject to the Agreement between the City of Marietta, Ohio and Teamsters Local Union No. 637 Affiliated with The International Brotherhood of Teamsters carried forward 481 hours from 2022 when the limit was 464.
- One employee subject to the Agreement between the City of Marietta, Ohio and International Association of Fire Fighters, Local No. 442 carried forward 637 hours from 2022 when the limit was 530.

In addition, annual leave amounts were credited to each employee in the system on January 1st despite not being earned until the employees' hire date. As such, five employees who left employment with the City during 2023 (four of which were subject to city ordinance while the remaining was subject to the Agreement between the City of Marietta and the Fraternal Order of Police) were paid a portion of accrued vacation leave that would not be earned until their individual hire dates. Failure to follow the approved ordinances or agreements can result in overpayments to employees. Future testing may result in findings for recovery in the future.

The City Auditor should ensure that all leave balances and leave payouts are in accordance with the guidelines in the approved ordinances or agreements of the City. Further, leave accruals in the system should follow limitations related to carryforward as stated in approved Ordinances or agreements.

Officials' Response: Per City Auditor- Vacation Accumulations and carry overs were audited and approved by multiple City Administrators each year for all city employees. There was a misinterpretation of policy for the vacation payouts of those who terminated employment with the City of Marietta before their anniversary date of that year, this has since been addressed and moving forward all vacation payouts have been pro-rated to follow the City's policy.

Joint Officials' Response of The Marietta City Council and Marietta City Administration- Beginning in 2022, the Marietta City Council's internal financial forecasts indicated that the city was overspending and risked insolvency by 2026. Consequently, the council requested that the State Auditor conduct a performance audit to compare the city's spending to the spending of similarly sized and situated cities across Ohio. The performance audit provided the city with information that has improved the council's decision making regarding financial priorities.

Shortly after the completion of the performance audit, utilizing public records requests, Council President Susan Vessels and then Employee Relations Chair Cassidi Shoaf became concerned regarding patterns related to the payment of employee benefits in several categories.

Working with the city administration, on March 28, 2024, the council mailed a referral letter to the State Auditor's Special Investigation Unit. On June 11, 2025, the council submitted a supplemental letter regarding overpayments of holiday and vacation leave in excess of base pay.

Both the council and the city administration are hopeful that all funds paid outside of the authority of the Marietta Codified Ordinances will be promptly recovered through established legal processes.

**CITY OF MARIETTA
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Annual Reporting

Finding Number:	2023-002
Assistance Listing Number and Title:	Coronavirus State And Local Fiscal Recovery Funds AL # 21.027
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR § 1000.10 gives regulatory effect to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200 for the Department of Treasury.

2 CFR 200.328 (b) provides that The Federal agency or pass-through entity must collect financial reports no less than annually. The Federal agency or pass-through entity may not collect financial reports more frequently than quarterly unless a specific condition has been implemented in accordance with § 200.208. To the extent practicable, the Federal agency or pass-through entity should collect financial reports in coordination with performance reports.

31 CFR 35.4(c) requires recipients, in part, during the period of performance, to provide the Secretary of the U.S. Department of Treasury periodic reports providing detailed accounting of the uses of funds, modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section.

The U.S. Department of Treasury provided supplementary information on reporting requirements in its interim final rule for State and Local Fiscal Recovery Funds for 31 CFR Part 35 and provided further guidance in its Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guide. Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding are required to submit Project and Expenditure Report by April 30, 2022, and then annually thereafter.

The City submitted the required Project and Expenditure Report on April 26, 2023, which is within the required timeframe. However, due to the failure of existing controls, the expenditures reported did not agree to the accounting records with the Current Expenditures being overstated by \$650,606. Reporting errors could adversely affect future grant awards.

Additional controls should be implemented to help ensure accuracy of the reports.

Officials' Response: The 2022 Cumulative Expenses did not roll over into the 2023 reporting. We believe that in doing the 03/31/2023 report we somehow over accounted for something in Category 6, as a result the ARPA Report accounted for more expenses than actuals. However, we can confirm the ARPA 03/31/2024 Expenditure Report and the 03/31/2025 Expenditure Report are balanced.

**CITY OF MARIETTA
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Quarterly Reporting

Finding Number:	2023-003
Assistance Listing Number and Title:	Coronavirus State And Local Fiscal Recovery Funds AL # 21.027
Federal Award Identification Number:	2022ARCCB1134/ 2022-AR-LEP-937
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Public Safety
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR § 1000.10 gives regulatory effect to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200 for the Department of Treasury.

2 CFR 200.329 provides the recipient and subrecipient are responsible for the oversight of the Federal award. The recipient and subrecipient must monitor their activities under Federal awards to ensure they are compliant with all requirements and meeting performance expectations. Monitoring by the recipient and subrecipient must cover each program, function, or activity.

The Office of Criminal Justice Service Standard Subgrant Conditions Handbook provides all OCJS projects are required to submit Quarterly Subgrant Reports. This report must show actual expenditures, describe progress towards achieving objectives, and include supporting documentation (such as purchase orders, vouchers, invoices, payroll allocation reports, payroll summaries, timesheets, etc.) for expenditures. The reports shall be submitted no later than the last day of the month following the calendar quarter end. A report must be submitted every quarter, even when there has been zero expenditure or when a payment is not being requested.

- The City submitted the quarterly report for the quarter ending March 31, 2023 for the COVID-19: Coronavirus State And Local Fiscal Recovery Funds AL# 21.027 Marietta Municipal Court Diversion/Backlog Grant 2022ARCCB1134 after the required deadline.
- The City submitted the quarterly report for the quarter ending March 31, 2023 for the COVID-19: Coronavirus State And Local Fiscal Recovery Funds AL# 21.027 Employee Retention Grant 2022-AR-LEP-937 after the required deadline. Further, the City did not submit a report for the quarter ended September 30, 2023.

The failure to timely submit the required reports was due to insufficient controls and could result in action taken by the pass-through entity.

The City should establish procedures to help ensure all required reports are submitted timely.

Officials' Response: The Municipal Court received The Reimbursable Backlog Grant Fund 294. All quarterly reporting was initiated by The Municipal Court in the required time frame. Any delays or overdue reporting was due to The State and/or Contractors not allowing permissions or reviewing modification submitted by The Municipal Court. Documentation regarding delays by both The State and Contracted Workers are not accessible by The Municipal Court or The City of Marietta. Also, The Police Department did not report the 3rd quarter due to no activity. There was not a request for the 3rd quarter report from the Grant. They did however file a 4th quarter report.

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2023

Finding Number:	2023-001
Planned Corrective Action:	City Auditor's Office is now pro-rating vacation balances based on Employee Anniversary date to ensure employees are not being paid for Vacation Leave that has not been earned.
Anticipated Completion Date:	July 3, 2025
Responsible Contact Person:	City Auditor Sherri Hess
Finding Number:	2023-002
Planned Corrective Action:	City Auditor has confirmed the ARPA 3/31/24 and 3/31/25 Project and Expenditure Reports submitted agree to City Accounting records.
Anticipated Completion Date:	July 3, 2025
Responsible Contact Person:	City Auditor Sherri Hess
Finding Number:	2023-003
Planned Corrective Action:	City Auditor will stay in contact with Municipal Court Administrator and the Police Captain to ensure they submit Quarterly Reports on a timely basis.
Anticipated Completion Date:	July 3, 2025
Responsible Contact Person:	City Auditor Sherri Hess

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MARIETTA

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/10/2025

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