



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF DEER PARK
HAMILTON COUNTY
DECEMBER 31, 2021

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HAMILTON COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Deer Park
Hamilton County
7777 Blue Ash Road
Deer Park, Ohio 45236

To the Mayor and 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, each major fund, and the aggregate remaining fund information of the City of Deer Park, Hamilton County, Ohio (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. 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*, *Required budgetary comparison schedules* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 7, 2022

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City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Deer Park's *Management's Discussion and Analysis* of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2021.

FINANCIAL HIGHLIGHTS

- The City's total net position increased \$1,126,111. Net position of governmental activities increased \$1,087,211, while net position of business-type activities increased by \$38,900.
- The General Fund reported an increase in fund balance of \$104,755.
- Business-type operations reflected operating income of \$38,900.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

*Government-Wide Financial Statements-
Statement of Net Position and the Statement of Activities*

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities.

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers 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 change in net position. This change in net position 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 changes in the City's tax base, the condition of the City's capital assets and the reputation of the public schools will also need to be evaluated.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

In the Statement of Net Position and the Statement of Activities, the City presents both governmental activities and business-type activities and divides the activities between the two.

- **Governmental Activities** - Most of the City's services are reported here including police, street maintenance, parks and recreation, and general and administrative. Income taxes, property taxes, intergovernmental revenue, charges for services, and interest finance most of these activities.
- **Business-Type Activities** - These services include waste collection and disposal. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and other funds may be established by the City, with approval of the Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds include the General Fund, Road Levy Fund and Wentworth Capital Project Fund.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds: When the City charges citizens for the service it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

Fiduciary Funds: The City is the fiscal agent for two custodial funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Statement of Net Position, Statement of Activities, and fund financial statements.

THE CITY AS A WHOLE

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

TABLE 1 - NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$5,206,357	\$4,561,555	\$ 196,982	\$ 180,512	\$5,403,339	\$4,742,067
Noncurrent Assets	7,563,998	6,174,284	31,789	31,816	7,595,787	6,206,100
Total Assets	<u>12,770,355</u>	<u>10,735,839</u>	<u>228,771</u>	<u>212,328</u>	<u>12,999,126</u>	<u>10,948,167</u>
Deferred Outflows of Resources	808,149	885,541	12,798	15,454	820,947	900,995
Liabilities						
Current and Other Liabilities	779,806	162,513	32,644	32,315	812,450	194,828
Long-Term Liabilities	5,778,059	5,816,892	42,372	83,153	5,820,431	5,900,045
Total Liabilities	<u>6,557,865</u>	<u>5,979,405</u>	<u>75,016</u>	<u>115,468</u>	<u>6,632,881</u>	<u>6,094,873</u>
Deferred Inflows of Resources	2,222,192	1,930,739	30,181	14,842	2,252,373	1,945,581
Net Position						
Net Investment in Capital						
Assets	5,163,493	4,829,230	27,428	31,816	5,190,921	4,861,046
Restricted	1,110,344	1,144,419	-	-	1,110,344	1,144,419
Unrestricted	(1,475,390)	(2,262,413)	108,944	65,656	(1,366,446)	(2,196,757)
Total Net Position	<u>\$4,798,447</u>	<u>\$3,711,236</u>	<u>\$ 136,372</u>	<u>\$ 97,472</u>	<u>\$4,934,819</u>	<u>\$3,808,708</u>

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

Total net position, of the City as a whole, increased \$1,126,111. Net position of the City's governmental activities increased \$1,087,211 and the net position of the City's business-type activities increased \$38,900.

The City had a deficit unrestricted net position balance of \$1,366,446 which was the result of the City recording its share of the net pension and OPEB liabilities/(asset) as required by GASB's 68 and 75.

Current and other assets increased from 2020 to 2021 as the City issued \$975,000 of bonds in 2021 to make long-term improvements related to City's Wentworth economic development project, while \$522,538 of the bonds had not yet been spent at year end, and were included in cash, resulting in an increase to short-term assets in 2021 compared to 2020.

Noncurrent assets increased in 2021 as the City worked on various capital projects that generated infrastructure assets, including the Wentworth economic project and improvements to Clifford and Blue Ash Roads that were funded with grants from the Ohio Public Works Commission.

Current liabilities increased in 2021 compared to 2020 as the City reported \$439,708 in contracts payable at the end of 2021 related to the ongoing Wentworth economic development project.

Long-term liabilities remained relatively flat from 2020 to 2021 as the \$975,000 in new debt that was issued was offset by decreases to the City's share of the net pension and OPEB liabilities.

Governmental Activities

Property taxes and the 1.5% income tax are the largest sources of revenue for the City. Revenues generated by these taxes represent approximately 79% of the City's governmental activities general revenues. The balance of general revenues is mostly comprised of other intergovernmental revenue sources such as the State of Ohio's Local Government Fund distribution and other taxes collected by the State and distributed to the City.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

The change in net position for 2021 and 2020 is outlined in Table 2.

TABLE 2 - CHANGES IN NET POSTION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 184,248	\$ 180,595	\$ 437,335	\$ 430,991	\$ 621,583	\$ 611,586
Operating Grants and Contributions	178,066	341,674	-	-	178,066	341,674
Capital Grants and Contributions	549,803	734,488	-	-	549,803	734,488
Total Program Revenues	<u>912,117</u>	<u>1,256,757</u>	<u>437,335</u>	<u>430,991</u>	<u>1,349,452</u>	<u>1,687,748</u>
General Revenues						
Income Taxes	1,424,182	1,286,066	-	-	1,424,182	1,286,066
Property Taxes	1,247,065	1,209,416	-	-	1,247,065	1,209,416
Unrestricted Contributions	712,960	784,975	-	-	712,960	784,975
Investment Earnings	1,416	12,123	-	-	1,416	12,123
Total General Revenues	<u>3,385,623</u>	<u>3,292,580</u>	<u>-</u>	<u>-</u>	<u>3,385,623</u>	<u>3,292,580</u>
Total Revenues	<u>4,297,740</u>	<u>4,549,337</u>	<u>437,335</u>	<u>430,991</u>	<u>4,735,075</u>	<u>4,980,328</u>
Program Expenses						
General Government	1,101,956	1,365,543	-	-	1,101,956	1,365,543
Public Safety	1,322,220	1,604,411	-	-	1,322,220	1,604,411
Public Works	622,218	559,999	-	-	622,218	559,999
Leisure Time Activities	52,883	80,402	-	-	52,883	80,402
Community Development	14,845	10,348	-	-	14,845	10,348
Interest and Fiscal Charges	96,407	85,124	-	-	96,407	85,124
Waste Collection and Disposal	-	-	398,435	437,469	398,435	437,469
Total Expenses	<u>3,210,529</u>	<u>3,705,827</u>	<u>398,435</u>	<u>437,469</u>	<u>3,608,964</u>	<u>4,143,296</u>
Increase in Net Position	1,087,211	843,510	38,900	(6,478)	1,126,111	837,032
Net Position Beginning of Year	<u>3,711,236</u>	<u>2,867,726</u>	<u>97,472</u>	<u>103,950</u>	<u>3,808,708</u>	<u>2,971,676</u>
Net Position End of Year	<u>\$ 4,798,447</u>	<u>\$ 3,711,236</u>	<u>\$ 136,372</u>	<u>\$ 97,472</u>	<u>\$ 4,934,819</u>	<u>\$ 3,808,708</u>

When looking at the sources of income to support operations, it should be noted that charges for services are only 4% of revenue, while 62% of revenue is derived from income and property taxes. The City substantially relies on these taxes to fund the services it provides to businesses and citizens.

Operating grants and contributions decreased in 2021 as the City expended less in federal CARES Act and ARPA funds to mitigate the impact of the COVID-19 pandemic. Capital grants and contributions decreased in 2021 as a result of the City having fewer roadway projects open and ongoing that were funded by the Ohio Public Works Commission and the Ohio Department of Transportation, compared to 2020.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

General government and public safety expense decreased significantly in 2021 compared to 2020, primarily related to the negative OPEB expense that was recognized in 2021 from the Ohio Public Employees Retirement System. Excluding the negative OPEB expense impact on 2021, the City's expenses in 2021 were very similar and comparable to those in 2020.

Business-Type Activities

The City's business-type activity includes waste collection and disposal. This program had operating revenues of \$437,335 and operating expenses of \$398,435 for 2021. Business activities receive no support from tax revenues. The business activities net position at the end of the year was \$136,372 which increased \$38,900 during 2021 as charges for services outpaced operating expenses. The City had one business-type (enterprise) fund that was a major fund – the Waste Collection and Disposal fund.

THE CITY'S FUNDS

Information about the City's major governmental funds begins with the Balance Sheet – Governmental Funds and Statement of Revenues Expenditures and Changes in Fund Balances – Governmental Funds. These funds are reported using the modified accrual basis of accounting.

All governmental funds had revenues of \$4,338,650 and expenditures of \$5,241,087.

Total fund balance increased for 2021 compared to 2020 by \$72,563 as a result of the City's continuing efforts to maintain structurally balanced budgets across all funds.

The City has three major governmental funds – the General Fund, Road Levy Fund and the Wentworth Capital Project Fund. Assets of the three major funds comprised 85% of governmental fund total assets.

Budgetary Activity and Actual Results

The City adopts annual appropriated budgets for its funds. The schedule comparing the City's original and final budget and actual results is included in the Required Supplementary Information for the General Fund and the Road Levy Fund.

During 2021, there were no major revisions to the General fund budget. Actual revenues were 6% under the final budget and actual expenditures plus encumbrances were 9% under final budget amounts.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

TABLE 3 - Net Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 286,445	\$ 286,445	\$ -	\$ -	\$ 286,445	\$ 286,445
Buildings and Improvements	1,626,856	1,701,765	-	-	1,626,856	1,701,765
Equipment	338,723	269,721	27,428	31,816	366,151	301,537
Infrastructure	4,384,897	2,342,876	-	-	4,384,897	2,342,876
Construction in process	839,670	1,573,477	-	-	839,670	1,573,477
Total Net Capital Assets	\$ 7,476,591	\$ 6,174,284	\$ 27,428	\$ 31,816	\$ 7,504,019	\$ 6,206,100

Additional information regarding capital assets can be found in the Notes to the Basic Financial Statements.

Debt

At December 31, 2021, the City had \$2,320,000 in un-voted general obligation bonds.

Table 4 - Outstanding Debt at Year End

	2021	2020
Governmental Activities		
Current Interest Bonds		
Municipal Building	\$ 1,345,000	\$ 1,345,000
Series 2021 Infrastructure	975,000	-
Capital Appreciation Bonds		
Municipal Building	-	33,520
Total Debt	\$ 2,320,000	\$ 1,378,520

Additional information regarding debt can be found in the Notes to the Basic Financial Statements.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2021

FINANCIAL POSITION

The City continues to seek ways to improve the quality and quantity of services we provide to our residents. Furthermore, we are committed to providing our residents with full disclosure of the financial position of the City.

While we are currently in stable financial condition, we are not immune to the tough economic conditions that are facing our economy as a whole. We are carefully watching the activity in the General and Waste Collection Funds and will take actions necessary to keep our funds, and City as a whole, on stable financial ground.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our residents, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Deer Park, 7777 Blue Ash Road, Deer Park, Ohio 45236.

City of Deer Park
Hamilton County, Ohio
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 3,131,407	\$ 123,179	\$ 3,254,586
Receivables (net of allowance for doubtful accounts)			
Taxes-Real & Personal Property	1,206,410	-	1,206,410
Taxes-Income	559,000	-	559,000
Accounts	17,923	73,803	91,726
Intergovernmental	291,617	-	291,617
Net OPEB Asset	87,407	4,361	91,768
Nondepreciable Capital Assets	1,126,115	-	1,126,115
Depreciable Capital Assets, Net	6,350,476	27,428	6,377,904
Total Assets	12,770,355	228,771	12,999,126
Deferred Outflows of Resources			
Deferred Charge on Refunding	87,053	-	87,053
Pension	460,895	9,069	469,964
OPEB	260,201	3,729	263,930
Total Deferred Outflows of Resources	808,149	12,798	820,947
Liabilities			
Accounts Payable	37,952	32,435	70,387
Contracts Payable	439,708	-	439,708
Accrued Wages and Benefits	53,644	209	53,853
Accrued Interest Payable	36,675	-	36,675
Unearned Revenue	211,827	-	211,827
Long-Term Liabilities:			
Due Within One Year	279,015	-	279,015
Net Pension Liability	2,800,003	42,372	2,842,375
Net OPEB Liability	314,472	-	314,472
Other Amounts Due in More Than One Year	2,384,569	-	2,384,569
Total Liabilities	6,557,865	75,016	6,632,881
Deferred Inflows of Resources			
Property Taxes Levied for Next Year	1,145,000	-	1,145,000
Pension	646,783	16,857	663,640
OPEB	430,409	13,324	443,733
Total Deferred Inflows of Resources	2,222,192	30,181	2,252,373
Net Position			
Net Investment in Capital Assets	5,163,493	27,428	5,190,921
Restricted for			
Public Safety	58,949	-	58,949
Roads	1,017,354	-	1,017,354
Recycling	8,364	-	8,364
Storm Water	24,919	-	24,919
Culture and Recreation	758	-	758
Unrestricted	(1,475,390)	108,944	(1,366,446)
Total Net Position	\$ 4,798,447	\$ 136,372	\$ 4,934,819

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Activities
For the Year Ended December 31, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Reporting Entity Total
Governmental Activities:							
General Government	\$ 1,101,956	\$ 162,367	\$ 79,695	\$ -	\$ (859,894)	\$ -	\$ (859,894)
Public Safety	1,322,220	21,881	61,535	-	(1,238,804)	-	(1,238,804)
Leisure Time Activities	52,883	-	36,836	-	(16,047)	-	(16,047)
Community Development	14,845	-	-	-	(14,845)	-	(14,845)
Public Works	622,218	-	-	549,803	(72,415)	-	(72,415)
Interest and Fiscal Charges	96,407	-	-	-	(96,407)	-	(96,407)
Total Governmental Activities	3,210,529	184,248	178,066	549,803	(2,298,412)	-	(2,298,412)
Business Type Activities:							
Waste Collection and Disposal	398,435	437,335	-	-	-	38,900	38,900
Totals	\$ 3,608,964	\$ 621,583	\$ 178,066	\$ 549,803	\$ (2,298,412)	\$ 38,900	\$ (2,259,512)
General Revenues							
Income Taxes					\$ 1,424,182	\$ -	\$ 1,424,182
Property Taxes Levied for:							
General Purposes					1,005,800	-	1,005,800
Public Works					215,649	-	215,649
Public Safety					25,616	-	25,616
Unrestricted Contributions					712,960	-	712,960
Investment Earnings					1,416	-	1,416
Total General Revenues					3,385,623	-	3,385,623
Change in Net Position					1,087,211	38,900	1,126,111
Net Position Beginning of Year					3,711,236	97,472	3,808,708
Net Position End of Year					\$ 4,798,447	\$ 136,372	\$ 4,934,819

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Road Levy Fund	Wentworth Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,494,466	\$ 509,710	\$ 522,538	\$ 604,693	\$ 3,131,407
Receivables:					
Due From Other Funds	82,380	-	-	-	82,380
Taxes - Property	968,507	212,675	-	25,228	1,206,410
Taxes - Income	559,000	-	-	-	559,000
Accounts	17,923	-	-	-	17,923
Intergovernmental	113,249	2,500	-	175,868	291,617
Total Assets	\$ 3,235,525	\$ 724,885	\$ 522,538	\$ 805,789	\$ 5,288,737
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	82,380	\$ 82,380
Accounts Payable	29,366	-	-	8,586	37,952
Contracts Payable	-	-	439,708	-	439,708
Accrued Wages and Benefits	50,597	-	-	3,047	53,644
Unearned Revenue	-	-	-	211,827	211,827
Total Liabilities	79,963	-	439,708	305,840	825,511
Deferred Inflows of Resources					
Property Taxes Levied for Next Year	919,000	202,000	-	24,000	1,145,000
Unavailable Property Taxes	49,507	10,675	-	1,228	61,410
Unavailable Income Taxes	364,000	-	-	-	364,000
Unavailable Intergovernmental Revenue and Other	89,900	2,500	-	113,400	205,800
Total Deferred Inflows of Resources	1,422,407	215,175	-	138,628	1,776,210
Fund Balances					
Nonspendable	82,380	-	-	-	82,380
Restricted:					
Public Safety	-	-	-	56,221	56,221
Roads	-	509,710	82,830	299,739	892,279
Recycling	-	-	-	8,364	8,364
Recreation	-	-	-	758	758
Storm Water	-	-	-	24,919	24,919
Committed:					
Recreation	-	-	-	43,331	43,331
Assigned:					
General Government	487,290	-	-	-	487,290
Unassigned	1,163,485	-	-	(72,011)	1,091,474
Total Fund Balances	1,733,155	509,710	82,830	361,321	2,687,016
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,235,525	\$ 724,885	\$ 522,538	\$ 805,789	\$ 5,288,737

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances \$ 2,687,016

Amounts reported for governmental activities in the statement of net position are different because:

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

Land	286,445	
Construction in Progress	839,670	
Other Capital Assets	9,167,601	
Accumulated depreciation	<u>(2,817,125)</u>	
		7,476,591

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

Income Taxes	364,000	
Delinquent Property Taxes	61,410	
Intergovernmental and Other Revenues	<u>205,800</u>	
		631,210

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

Accrued Interest Payable	<u>(36,675)</u>	
		(36,675)

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds.

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

Due to Other Governments	(15,370)	
Long-Term Note Payable	(57,306)	
Bonds	(2,320,000)	
Compensated Absences	(165,233)	
Premium on Bonds	<u>(105,675)</u>	
		(2,663,584)

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

Deferred Outflows - Pension	460,895	
Deferred Outflows - OPEB	260,201	
Deferred Inflows - Pension	(646,783)	
Deferred Inflows - OPEB	(430,409)	
Net Pension Liability	(2,800,003)	
Net OPEB Asset	87,407	
Net OPEB Liability	<u>(314,472)</u>	
		(3,383,164)

Deferred charges on debt refundings are expensed in the fund level financial statements but are accrued and amortized over the life of the bonds in the government-wide financial statements.

87,053

Net Position of Governmental Activities \$ 4,798,447

City of Deer Park
Hamilton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Road Levy Fund	Wentworth Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,454,775	\$ 220,374	\$ -	\$ 26,388	\$ 2,701,537
Charges for Services	127,498	-	-	915	128,413
Contributions and Donations	-	-	-	9,546	9,546
Fines, Licenses & Permits	63,930	-	-	1,925	65,855
Investment Earnings	1,412	-	-	4	1,416
Intergovernmental	281,642	3,781	-	1,109,970	1,395,393
Other Revenues	-	-	-	36,490	36,490
Total Revenues	2,929,257	224,155	-	1,185,238	4,338,650
Expenditures					
Current:					
General Government	1,248,951	-	-	79,695	1,328,646
Public Safety	1,303,155	-	-	53,636	1,356,791
Leisure Time Activities	49,587	-	-	40,742	90,329
Community Development	1,691	-	-	13,154	14,845
Transportation and Street Repair	20,581	206,170	839,670	980,865	2,047,286
Capital Outlay	-	-	-	150,153	150,153
Debt Service					
Principal Retirement	7,162	-	-	150,000	157,162
Interest and Fiscal Charges	-	-	52,500	43,375	95,875
Total Expenditures	2,631,127	206,170	892,170	1,511,620	5,241,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	298,130	17,985	(892,170)	(326,382)	(902,437)
Other Financing Sources (Uses)					
Transfers In	-	-	-	203,567	203,567
Transfers Out	(193,375)	(10,192)	-	-	(203,567)
Proceeds from Bonds	-	-	975,000	-	975,000
Total Other Financing Sources (Uses)	(193,375)	(10,192)	975,000	203,567	975,000
Net Change in Fund Balances	104,755	7,793	82,830	(122,815)	72,563
Fund Balances at Beginning of Year	1,628,400	501,917	-	484,136	2,614,453
Fund Balances at End of Year	\$ 1,733,155	\$ 509,710	\$ 82,830	\$ 361,321	\$ 2,687,016

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds		\$ 72,563
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
	1,302,307	
Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.		
Income Taxes	(5,000)	
Delinquent Property Taxes	(25,290)	
Intergovernmental and Other Revenues	<u>(10,620)</u>	(40,910)
Governmental funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of Deferred Charge on Refunding	(10,881)	
Amortization of Bond Premiums	<u>14,493</u>	3,612
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Payments on Obligation to Other Governments	7,679	
Payments on OPWC Note Payable	7,162	
Accreted Interest Retirement	116,480	
Bond Principal Retirement	33,520	
Bond Proceeds	<u>(975,000)</u>	(810,159)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		(4,144)
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		8,208
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	265,927	
OPEB	<u>4,227</u>	270,154
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/(asset) are reported as expense in the statement of activities.		
Pension	(199,492)	
OPEB	<u>485,072</u>	<u>285,580</u>
Change in Net Position of Governmental Activities		<u>\$ 1,087,211</u>

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Net Position - Proprietary Fund
December 31, 2021

	Waste Collection and Disposal
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 123,179
Receivables:	
Accounts	73,803
Total Current Assets	196,982
Net OPEB Asset	4,361
Depreciable Capital Assets, Net	27,428
Total NonCurrent Assets	31,789
Total Assets	228,771
Deferred Outflows of Resources:	
Pension	9,069
OPEB	3,729
Total Deferred Outflows of Resources	12,798
Liabilities	
Accounts Payable	32,435
Accrued Wages and Benefits	209
Long-Term Liabilities:	
Net Pension Liability	42,372
Total Liabilities	75,016
Deferred Inflows of Resources:	
Pension	16,857
OPEB	13,324
Total Deferred Inflows of Resources	30,181
Net Position	
Net Investment in Capital Assets	27,428
Unrestricted	108,944
Total Net Position	\$ 136,372

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended December 31, 2021

	Waste Collection and Disposal
Operating Revenues	
Charges for Services	\$ 437,335
Total Operating Revenues	437,335
Operating Expenses	
Contractual Services	394,047
Depreciation	4,388
Total Operating Expenses	398,435
Change in Net Position	38,900
Net Position Beginning of Year	97,472
Net Position End of Year	\$ 136,372

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2021

	Waste Collection and Disposal
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 399,805
Payments to Employees	(14,552)
Payments to Suppliers	(406,313)
Net Cash Provided by Operating Activities	(21,060)
Net Change in Cash and Cash Equivalents	(21,060)
Cash and Cash Equivalents Beginning of Year	144,239
Cash and Cash Equivalents End of Year	\$ 123,179
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	\$ 38,900
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation	4,388
Increase in Accounts Receivable	(37,530)
Decrease in Deferred Outflows - Pension	838
Decrease in Deferred Outflows - OPEB	1,818
Increase in Net OPEB Asset	(4,361)
Increase in Accrued Liabilities	329
Increase in Deferred Inflows - Pension	6,555
Increase in Deferred Inflows - OPEB	8,784
Decrease in Net Pension Liability	(9,361)
Decrease in Net OPEB Liability	(31,420)
Net Cash Provided by Operating Activities	\$ (21,060)

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2021

	Custodial
Assets	
Equity Pooled in Cash and Cash Equivalents	\$ 928
Total Assets	\$ 928
Liabilities	
Due to Other Governments	\$ 928
Total Liabilities	\$ 928
Net Position	\$ -

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2021

	Custodial
Additions	
Fines Collected for Other Governments	\$ 4,694
Special Assessments	152,383
Total Additions	157,077
Deductions	
Other Distributions	4,694
Special Assessment Debt Principal and Interest	152,383
Total Deductions	157,077
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position Beginning of Year	-
Net Position End of Year	\$ -

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

Note 1 - Description of the City and Reporting Entity

The City of Deer Park, Ohio (the “City”) was incorporated in 1912 and became a city in 1952. The City was originally created as a municipal corporation under the laws of the State of Ohio. In the November 2020 election, the City’s electorate approved a charter under which the City of Deer Park now operates.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that 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, this includes; public services, public safety, recreation and development.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City has one blended component unit – The Park Board. The Park Board is a legally separate, non-profit organization that serves as an agent for the City’s parks. The City’s mayor appoints the five members of the Park Board. The Park Board is presented in the other governmental funds column of the modified accrual financial statements.

The City participates in a jointly governed organization which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (a) an ongoing financial interest or (b) an ongoing responsibility.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City 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 most 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.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The effect of interfund activity has been removed from these statements; however, any effects from interfund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities. 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 or grants and contributions that are restricted to meeting the operational requirements of 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 function 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 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.

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 typically 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

General Fund

The general fund accounts for 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.

Road Levy Fund

The road levy fund accounts for financial resources received from the City's road levy and expended for roadway maintenance and improvements.

Wentworth Capital Project Fund

The Wentworth capital project fund accounts for financial resources, including debt proceeds, that are to be used for improvements with nexus to the City's Wentworth development project.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position and cash flows.

Proprietary funds are classified as either enterprise or internal service. The City does not have an Internal service fund.

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

Waste Collection and Disposal Fund

This fund accounts for the collection and disposal of waste to the residents and commercial users located within the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for a proprietary fund. The City maintains a Mayor's Court custodial fund (which accounts for funds that flow through the municipal court office) and a Property Assessed Clean Energy (PACE) custodial fund (which accounts for special assessments that are used to make debt principal and interest payments, for which the City has no obligation or liability, beyond the amount of special assessments collected).

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 (and deferred outflows and inflows of resources) associated with the operation of the City are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

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 (as well as deferred outflows and inflows of resources). 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.

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. Governmental funds use the modified accrual basis of accounting.

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for waste services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in the pension and OPEB footnotes.

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

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. Equity in Pooled Cash, Cash Equivalents and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments" on the statement of net position and the governmental fund balance sheet. For purposes of the statement of cash flows and for presentation on the statement of net position/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Interest is distributed according to Ohio statutes. Interest revenue credited to the general fund during 2021 amounted to \$1,412.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

F. Prepaid Items

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

G. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the 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 fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of curbs, sidewalks, storm sewers and streets. The City is not required to report infrastructure before December 31, 2003 since it is considered a Phase 3 Government. 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.

Capital assets utilized by the proprietary fund are reported both in the business-type column of the government-wide statement of net position and in the respective proprietary fund.

All reported 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 are 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	40 years
Infrastructure	20 to 35 years
Machinery and Equipment	5 to 20 years

H. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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.

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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 fiscal year-end taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees.

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year.

The entire compensated absence liability is reported on the government-wide statement of net position.

I. 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.

J. Accrued Liabilities and Long-Term Obligations

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

K. Classification of Fund Balance

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the City's fund balance is divided into five classifications based primarily on the extent to which the City must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The City classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

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Committed - The City's Council can *commit* amounts via formal action (resolution). The City must adhere to these commitments unless the City's Council 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 City's Council or by State Statute.

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 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.

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, less the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Interfund Activity

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund and "Transfers Out" by the disbursing fund on the fund financial statements. These transfers are consolidated on the government-wide statements.
- Long-term interfund loans are classified as "Due to/From Other Funds" and are equally offset by a nonspendable fund balance account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental activities columns of the statement of net position.

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Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

N. 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 - Deposits and Investments

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

Active deposits are public deposits determined to be necessary to meet current demands upon the City's Treasury. Active monies must be maintained either as cash in the City's 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 the City has identified as not required for use within the current two year period of designation of depositories. Inactive deposits may be deposited or invested only as certificates of deposit maturing no 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 needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

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- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain banker’s acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

The carrying amount of the City’s cash and investments totaled \$3,255,514 at December 31, 2021 as summarized below:

Deposits With Financial Institutions	\$	1,710,844
STAROhio		1,544,670
 Total Cash and Investments		 \$ 3,255,514

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,495,983 of the City’s bank balance of \$1,745,983 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

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

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Investments

As of December 31, 2021, the City had \$1,544,670 invested in STAROhio. STAROhio investments mature in 12 months or less.

Interest Rate Risk: The City does not have an investment policy other than State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The City's investment in STAROhio was rated AAA by Standard & Poor's and Moody's Investor Services. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

Concentration of Credit Risk: The City places no limit on the amount it may be invested in any one issuer. Of the City's total investments, 100% is in STAROhio.

Note 4 - Receivables

Receivables at December 31, 2021 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and accounts receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes collected in 2021 were levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35% of appraised market value.

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

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

Real Property – Residential & Agricultural	\$ 100,867,850
Real Property – Commercial, Industrial & Other	18,136,330
Public Utility (Personal Property)	<u>8,123,190</u>
Total Valuation	<u><u>\$ 127,127,370</u></u>

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

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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. Accrued property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, they were not levied to finance 2021 operations. The receivable is therefore offset by deferred inflows of resources.

Note 5 – Income Taxes

The City levies a 1.5% income tax on wages, salaries, commissions and other compensation in addition to net profits of business activity. The tax applies to all income earned within the City plus income earned by residents who earned income outside the City.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly based on an annual declaration and file an annual tax return.

Note 6 - 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 carries commercial general liability insurance against risks and all other risks of loss, including workers' compensation and employee health and accident insurance. More information about the City's partially self-insured health program is detailed in Note 15. For 2021, 2020 and 2019 settlement amounts did not exceed insurance coverage limits.

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Note 7 - Capital Assets

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

	Balance 1/1/2021	Additions	Deductions	Balance 12/31/2021
Governmental Activities				
Capital Assets, not Being Depreciated:				
Land	\$ 286,445	\$ -	\$ -	\$ 286,445
Construction in Progress	1,573,477	839,670	1,573,477	839,670
	<u>1,859,922</u>	<u>839,670</u>	<u>1,573,477</u>	<u>1,126,115</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,830,582	-	-	2,830,582
Machinery and Equipment	927,522	128,633	-	1,056,155
Infrastructure	3,123,326	2,157,538	-	5,280,864
	<u>6,881,430</u>	<u>2,286,171</u>	<u>-</u>	<u>9,167,601</u>
Total Assets at Historical Cost	<u>8,741,352</u>	<u>3,125,841</u>	<u>1,573,477</u>	<u>10,293,716</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,128,817	74,909	-	1,203,726
Machinery and Equipment	657,801	59,631	-	717,432
Infrastructure	780,450	115,517	-	895,967
	<u>2,567,068</u>	<u>250,057</u>	<u>-</u>	<u>2,817,125</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,174,284</u>	<u>\$2,875,784</u>	<u>\$1,573,477</u>	<u>\$ 7,476,591</u>
Business-Type Activities				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 152,950	\$ -	\$ -	\$ 152,950
Total Assets at Historical Cost	<u>152,950</u>	<u>-</u>	<u>-</u>	<u>152,950</u>
Less Accumulated Depreciation:				
Machinery and Equipment	121,134	4,388	-	125,522
Total Accumulated Depreciation	<u>121,134</u>	<u>4,388</u>	<u>-</u>	<u>125,522</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,816</u>	<u>\$ (4,388)</u>	<u>\$ -</u>	<u>\$ 27,428</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 80,188
Public Safety	26,216
Leisure Time Activities	4,672
Public Works	138,981
	<u>\$ 250,057</u>

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Note 8 - Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the City during 2021 follows:

	Amount Outstanding 1/1/2021	Additions	Deletions	Amount Outstanding 12/31/2021	Amounts Due in One Year
Governmental Activities					
Unvoted General Obligation Bonds					
Current Interest Bonds					
Interest Varies from 2.00%					
Municipal Building	\$ 1,345,000	\$ -	\$ -	\$ 1,345,000	\$ 155,000
Interest Varies from 2.90%					
Municipal Building	33,520	-	33,520	-	-
Series 2021 Infrastructure - 2.50%	-	975,000		975,000	-
Premium	120,168	-	14,493	105,675	-
Total Long-Term Bond - Principal	<u>1,498,688</u>	<u>975,000</u>	<u>48,013</u>	<u>2,425,675</u>	<u>155,000</u>
Accreted Interest	<u>116,480</u>	<u>-</u>	<u>116,480</u>	<u>-</u>	<u>-</u>
Accreted Interest and Total Long-Term Bonds - Principal	<u>1,615,168</u>	<u>975,000</u>	<u>164,493</u>	<u>2,425,675</u>	<u>155,000</u>
Other Long-Term Obligations					
Due to Other Governments	23,049	-	7,679	15,370	7,679
OPWC Note Payable	64,468	-	7,162	57,306	7,162
Compensated Absences	173,441	102,818	111,026	165,233	109,174
Total Other Long-Term Obligations	<u>260,958</u>	<u>102,818</u>	<u>125,867</u>	<u>237,909</u>	<u>124,015</u>
Total Governmental Activities	<u>\$ 1,876,126</u>	<u>\$ 1,077,818</u>	<u>\$ 290,360</u>	<u>\$ 2,663,584</u>	<u>\$ 279,015</u>

The Series 2021 infrastructure bonds were issued to finance improvements connected with the City's Wentworth development project.

The municipal building bonds were issued in 2012 to refinance the outstanding debt related to the City's municipal building.

The intergovernmental note is to an adjoining City in conjunction with a fire hydrant replacement program. Under the agreement, The City of Deer Park must make annual payments of \$7,679 through 2023.

The note payable to the Ohio Public Works Commission is due in semi-annual installments of \$3,581. The terms of the note agreement state that it is interest free. The note is due in January 2029.

Compensated absences will be paid from the fund from which the person is paid. Historically, this is the General Fund.

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Principal and interest requirements to retire the long-term debt obligations at December 31, 2021, are as follows:

Year Ending December 31	Series 2012 Bonds		Series 2021 Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 155,000	\$ 43,375	\$ -	\$ 22,547
2023	155,000	38,725	-	24,375
2024	160,000	34,075	50,000	24,375
2025	165,000	29,115	75,000	23,125
2026	165,000	24,000	125,000	21,250
2027-2031	545,000	38,238	725,000	54,500
Total	\$ 1,345,000	\$ 207,528	\$ 975,000	\$ 170,172

Year Ending December 31	Total	
	Principal	Interest
2022	\$ 155,000	\$ 65,922
2023	155,000	63,100
2024	210,000	58,450
2025	240,000	52,240
2026	290,000	45,250
2027-2031	1,270,000	92,738
Total	\$ 2,320,000	\$ 377,700

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

Year Ending December 31	Principal	Interest
2022	\$ 7,162	\$ -
2023	7,162	-
2024	7,162	-
2025	7,162	-
2026	7,162	-
2027-2029	21,496	-
Total	\$ 57,306	\$ -

Note 9 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
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
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	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	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
Public Safety	Public Safety	Public Safety
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 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
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
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	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	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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$112,949 for 2021. Of this amount, \$9,412 is reported as accrued wages and benefits payable.

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

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

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

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

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percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$158,345 for 2021. Of this amount \$13,195 is reported as accrued wages and benefits payable.

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

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

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 819,013	\$ 2,023,362	\$ 2,842,375
Proportion of the Net Pension Liability			
Current Measurement Date	0.005531%	0.029681%	
Prior Measurement Date	<u>0.005140%</u>	<u>0.030380%</u>	
Change in Proportionate Share	<u>0.000391%</u>	<u>-0.000699%</u>	

Pension Expense \$ 71,526 \$ 131,365 \$ 202,891

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 63,651	\$ 10,582	\$ 74,233
Differences between expected and actual experience	-	88,147	88,147
Change in Assumptions	-	36,290	36,290
Entity contributions subsequent to the measurement date	112,949	158,345	271,294
Total Deferred Outflows of Resources	<u>\$ 176,600</u>	<u>\$ 293,364</u>	<u>\$ 469,964</u>

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 319,227	\$ 93,019	\$ 412,246
Differences between expected and actual experience	34,260	80,692	114,952
Changes in employer proportion and differences between contributions and proportionate share of contributions	-	136,442	136,442
	<u>\$ 353,487</u>	<u>\$ 310,153</u>	<u>\$ 663,640</u>

The City reported \$271,294 as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS	OP&F	Total
Year Ending December 31:			
2022	\$ (90,002)	\$ (32,503)	\$ (122,505)
2023	(26,169)	5,855	(20,314)
2024	(130,128)	(121,813)	(251,941)
2025	(43,537)	(26,019)	(69,556)
2026	-	(654)	(654)
Total	<u>\$ (289,836)</u>	<u>\$ (175,134)</u>	<u>\$ (464,970)</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.

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

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

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

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of

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return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Entity's proportionate share of the net pension liability	\$ 1,562,286	\$ 819,013	\$ 200,997

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Changes Subsequent to the Measurement Date. In September 2021, the Board approved several changes to the pension plan based on the completed five-year experience study covering the period 2016-2020. In addition to other changes, the Board approved to decrease the assumed pension investment rate of return from 7.20% to 6.90%. These changes are not reflected in the current measurement period but are expected to increase the associated pension liability.

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

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

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

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

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

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

Note: Assumptions are geometric
* levered 2X

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Entity's proportionate share of the net pension liability	\$ 2,816,805	\$ 2,023,362	\$ 1,359,364

Note 10 – Defined Benefit OPEB Plans

Net OPEB Liability/(Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

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

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

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. OP&F has contracted with a vendor who can assist eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a health reimbursement arrangement and can be used to reimburse retirees for qualified health care expenses.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24.0 percent of covered payroll for fire employer units. The Ohio Revised Code states that the employer contribution may not exceed 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of the employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care

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plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$4,227 for 2021. Of this amount, \$352 is reported as accrued wages and benefits payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability/(Asset):	\$ (91,768)	\$ 314,472	\$ 222,704
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.005151%	0.029681%	
Prior Measurement Date	<u>0.004787%</u>	<u>0.030380%</u>	
Change in Proportionate Share	<u>0.000364%</u>	<u>-0.000699%</u>	
 OPEB Expense	 \$ (529,903)	 \$ 19,652	 \$ (510,251)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 33,357	\$ -	\$ 33,357
Differences between expected and actual experience	-	-	-
Change in Assumptions	45,114	181,232	226,346
Contributions subsequent to the measurement date	-	4,227	4,227
Total Deferred Outflows of Resources	\$ 78,471	\$ 185,459	\$ 263,930
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 48,877	\$ 11,654	\$ 60,531
Differences between expected and actual experience	82,820	52,711	135,531
Change in Assumptions	148,692	53,561	202,253
Changes in employer proportion and differences between contributions and proportionate share of contributions	-	45,418	45,418
Total Deferred Inflows of Resources	\$ 280,389	\$ 163,344	\$ 443,733

\$4,227 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2022	(101,090)	2,591	(98,499)
2023	(73,829)	5,552	(68,277)
2024	(21,240)	889	(20,351)
2025	(5,759)	3,609	(2,150)
2026	-	2,725	2,725
Thereafter	-	2,522	2,522
Total	\$ (201,918)	\$ 17,888	\$ (184,030)

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

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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 and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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

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

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

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

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

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included in the Health Care portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.07%
Domestic Equities	25.00%	5.64%
Real Estate Investment Trust	7.00%	6.48%
International Equities	25.00%	7.36%
Other investments	9.00%	4.02%
Total	100.00%	4.43%

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Entity's proportionate share of the net OPEB asset	\$ (22,819)	\$ (91,768)	\$ (148,452)

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

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

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Entity's proportionate share of the net OPEB asset	\$ (94,006)	\$ (91,768)	\$ (89,267)

Actuarial Assumptions – OP&F

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

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single Discount Rate:	
Current Measurement Date	2.96%
Prior Measurement Date	3.56%
Municipal Bond Rate:	
Current Measurement Date	2.12%
Prior Measurement Date	2.75%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

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

Note: Assumptions are geometric

* levered 2X

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

Discount Rate Total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 was blended with the long-term rate of 8.00 percent, which resulted in a blended discount rate of 2.96 percent.

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

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
Entity's proportionate share of the net OPEB liability	\$ 392,132	\$ 314,472	\$ 250,417

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2021

Note 11 – Interfund Activity

During 2021 the following transfers occurred:

- The Road Levy Fund transferred \$10,192 to the Blue Ash Road Improvement Fund to provide resources for project expenses.
- The General Fund transferred \$193,375 to the Municipal Building Bond Retirement Fund to provide resources to cover schedule debt service payments.

At December 31, 2021, The General Fund had open advances of \$4,314 and \$78,066 to the O’Leary Avenue Fund and St. John’s Connector Fund, respectively.

Note 12 – Joint Venture

The City is a member of the Deer Park-Silverton Joint Fire District, which is a joint venture between the City of Deer Park and the City of Silverton. The joint venture was created to provide fire protection services to the residents of the two cities.

The Fire District Board of Trustees consists of eight trustees, with each City appointing four of the trustees. The City’s ability to effect operations is limited to its representation on the Board.

The funding for the operation of the Fire District is provided by tax revenues from a continuing levy approved by the electorate of both cities. There is no explicit and measurable equity interest in the fire District. The City has an ongoing financial responsibility, because the continued existence of the joint venture depends on the City’s contributions. The Joint Fire District is not accumulating significant financial resources or experiencing fiscal distress that may cause additional burden to the City.

Note 13 – Contingent Liabilities

At times, the City may be a party to legal proceedings seeking damages. The City’s management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 14 – Compliance and Accountability

At year-end, the City had a modified-accrual-based-deficit balance in the O’Leary Avenue Fund and St. John’s Connector Fund. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 15 – Incurred But Not Reported Claims – Health Benefits Program

Medical coverage is offered to employees through a self-funded insurance plan. Under this program, the Risk Management Agency provides coverage for up to a maximum of \$100,000 per covered person. The plan is offered to local governments state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by United Healthcare of Ohio.

The City participates in the program and makes payments to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The City's independent advisor has actuarially determined that no liability provision for incurred but not reported claims is appropriate as of December 31, 2021. This amount is non-discounted and is based upon historical claims experience. The nonexistence of a claims liability reported at December 31, 2021, is based on an estimate provided by USI Insurance (independent advisor) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Note 16 – Joint Economic Development Zone

The City participates in a Joint Economic Development Zone (JEDZ) with Sycamore Township. The purpose of the JEDZ is to facilitate economic development and improve the welfare of people in the area of the JEDZ.

Under the terms of the JEDZ with Sycamore Township, the City of Deer Park receives 10% of the net income tax revenues collected and is entitled to an administrative fee from the JEDZ to cover the cost of collecting the income taxes.

Note 17 – Tax Abatements

The City does not have any tax abatements that are required to be disclosed in accordance with GASB Statement No. 77.

Note 18 – Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Deer Park
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$ 2,350,000	\$ 2,394,167	\$ 2,521,102	\$ 126,935
Charges for Services	120,000	120,000	117,868	(2,132)
Fees, Licenses, and Permits	35,025	35,025	44,889	9,864
Fines and Forfeitures	35,000	35,000	18,135	(16,865)
Intergovernmental	118,500	118,500	156,201	37,701
Interest	5,318	5,318	1,412	(3,906)
Total Revenues	<u>2,663,843</u>	<u>2,708,010</u>	<u>2,859,607</u>	<u>151,597</u>
Expenditures				
Current:				
General Government	1,239,535	1,239,535	1,239,385	150
Public Safety	1,404,500	1,402,500	1,299,507	102,993
Leisure Time Activities	47,600	49,600	49,281	319
Transportation and Street Repair	28,800	28,800	25,146	3,654
Economic Development	5,000	5,000	1,600	3,400
Capital Outlay	138,400	138,400	-	138,400
Debt Service:				
Principal Retirement and Interest	7,163	7,163	7,162	1
Total Expenditures	<u>2,870,998</u>	<u>2,870,998</u>	<u>2,622,081</u>	<u>248,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(207,155)</u>	<u>(162,988)</u>	<u>237,526</u>	<u>400,514</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(193,375)</u>	<u>(193,375)</u>	<u>(193,375)</u>	<u>-</u>
Total Other Financing Uses	<u>(193,375)</u>	<u>(193,375)</u>	<u>(193,375)</u>	<u>-</u>
Net Change in Fund Balance	(400,530)	(356,363)	44,151	400,514
Fund Balance at Beginning of Year	<u>1,450,315</u>	<u>1,450,315</u>	<u>1,450,315</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,049,785</u>	<u>\$ 1,093,952</u>	<u>\$ 1,494,466</u>	<u>\$ 400,514</u>

See accompanying notes to the required supplementary information.

City of Deer Park
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Levy Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	207,126	215,000	\$ 224,155	\$ 9,155
Total Revenues	207,126	215,000	224,155	9,155
Expenditures				
Current:				
Transportation and Street Repair	200,000	200,000	216,362	(16,362)
Total Expenditures	200,000	200,000	216,362	(16,362)
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,126	15,000	7,793	(7,207)
Net Change in Fund Balance	7,126	15,000	7,793	(7,207)
Fund Balance at Beginning of Year	501,917	501,917	501,917	-
Fund Balance at End of Year	\$ 509,043	\$ 516,917	\$ 509,710	\$ (7,207)

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017
Entity's Proportion of the Net Pension Liability	0.0055310%	0.0051400%	0.0050150%	0.0048600%	0.0052693%
Entity's Proportionate Share of the Net Pension Liability	\$ 819,013	\$ 1,016,037	\$ 1,373,438	\$ 762,434	\$ 1,196,577
Entity's Covered-Employee Payroll	\$ 811,300	\$ 700,942	\$ 668,891	\$ 656,953	\$ 694,495
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	100.95%	144.95%	205.33%	116.06%	172.29%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
Entity's Proportion of the Net Pension Liability	0.0051191%	0.0051970%	0.0051970%		
Entity's Proportionate Share of the Net Pension Liability	\$ 886,694	\$ 626,819	\$ 612,661		
Entity's Covered-Employee Payroll	\$ 662,086	\$ 643,063	\$ 625,764		
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	133.92%	97.47%	97.91%		
Plan Fiduciary Net Position as a Percentage of the Total Net	81.08%	86.45%	86.36%		

* Information prior to 2014 is not available.

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

Notes to Schedule:

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

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

City of Deer Park
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Eight Years *

	2021	2020	2019	2018	2017
Entity's Proportion of the Net Pension Liability	0.0296810%	0.0303800%	0.0317110%	0.0317420%	0.0330100%
Entity's Proportionate Share of the Net Pension Liability	\$ 2,023,362	\$ 2,046,555	\$ 2,588,441	\$ 1,948,148	\$ 2,090,822
Entity's Covered-Employee Payroll	\$ 806,334	\$ 802,515	\$ 806,037	\$ 745,972	\$ 788,602
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	250.93%	255.02%	321.13%	261.16%	265.13%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
Entity's Proportion of the Net Pension Liability	0.0321079%	0.0320366%	0.0320366%		
Entity's Proportionate Share of the Net Pension Liability	\$ 2,065,521	\$ 1,659,629	\$ 1,560,282		
Entity's Covered-Employee Payroll	\$ 814,688	\$ 673,819	\$ 691,431		
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	253.54%	246.30%	225.66%		
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	66.77%	72.20%	73.00%		

* Information prior to 2014 is not available.

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

Notes to Schedule:

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

City of Deer Park
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Nine Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 112,949	\$ 108,734	\$ 100,552	\$ 97,425	\$ 73,994
Contributions in Relation to the Contractually Required Contribution	<u>(112,949)</u>	<u>(108,734)</u>	<u>(100,552)</u>	<u>(97,425)</u>	<u>(73,994)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 741,818	\$ 811,300	\$ 700,942	\$ 668,891	\$ 656,953
Contributions as a Percentage of Covered-Employee Payroll	15.23%	13.40%	14.35%	14.57%	11.26%
Contractually Required Contribution	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Contributions in Relation to the Contractually Required Contribution	\$ 104,105	\$ 89,470	\$ 76,459	\$ 89,890	
Contribution Deficiency (Excess)	<u>(104,105)</u>	<u>(89,470)</u>	<u>(76,459)</u>	<u>(89,890)</u>	
Entity Covered-Employee Payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Contributions as a Percentage of Covered-Employee Payroll	\$ 694,495	\$ 662,086	\$ 643,063	\$ 625,764	
	14.99%	13.51%	11.89%	14.36%	

* Information prior to 2013 is not available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 158,345	\$ 153,147	\$ 152,421	\$ 156,790	\$ 146,079
Contributions in Relation to the Contractually Required Contribution	<u>(158,345)</u>	<u>(153,147)</u>	<u>(152,421)</u>	<u>(156,790)</u>	<u>(146,079)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 833,702	\$ 806,334	\$ 802,515	\$ 806,037	\$ 745,972
Contributions as a Percentage of Covered-Employee Payroll	18.99%	18.99%	18.99%	19.45%	19.58%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 143,572	\$ 140,360	\$ 134,071	\$ 154,216	\$ 141,706
Contributions in Relation to the Contractually Required Contribution	<u>(143,572)</u>	<u>(140,360)</u>	<u>(134,071)</u>	<u>(154,216)</u>	<u>(141,706)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 788,602	\$ 814,688	\$ 673,819	\$ 691,431	\$ 709,302
Contributions as a Percentage of Covered-Employee Payroll	18.21%	17.23%	19.90%	22.30%	19.98%

City of Deer Park
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System - OPEB Plan
Last Five Years *

	2021	2020	2019	2018	2017
Entity's Proportion of the Net OPEB Liability/(Asset)	0.0051510%	0.0047870%	0.0046700%	0.0045550%	0.0049510%
Entity's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (91,768)	\$ 661,242	\$ 608,825	\$ 494,681	\$ 500,038
Entity's Covered Payroll	\$ 811,300	\$ 700,942	\$ 668,891	\$ 656,953	\$ 694,495
Entity's Proportionate Share of the Net OPEB Liability/ (Asset) as a Percentage of its Covered Payroll	-11.31%	94.34%	91.02%	75.30%	72.00%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability/(Asset)	115.57%	47.80%	46.33%	54.14%	54.04%

* Information prior to 2017 is not available.

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

Notes to Schedule:

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

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

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

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

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

	2021	2020	2019	2018	2017
Entity's Proportion of the Net OPEB Liability	0.0296810%	0.0303800%	0.0317110%	0.0317420%	0.0330100%
Entity's Proportionate Share of the Net OPEB Liability	\$ 314,472	\$ 300,085	\$ 288,776	\$ 1,798,455	\$ 1,566,912
Entity's Covered Payroll	\$ 806,334	\$ 802,515	\$ 806,037	\$ 745,972	\$ 788,602
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.00%	37.39%	35.83%	241.09%	198.69%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

* Information prior to 2017 is not available.

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

Notes to Schedule:

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

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

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

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

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

City of Deer Park
Required Supplementary Information
Schedule of City Contributions - OPEB
Ohio Public Employees Retirement System
Last Six Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 5,002
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(5,002)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 741,818	\$ 811,300	\$ 700,942	\$ 668,891	\$ 656,953
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.76%
	<u>2016</u>				
Contractually Required Contribution	\$ 15,097				
Contributions in Relation to the Contractually Required Contribution	<u>(15,097)</u>				
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered-Employee Payroll	\$ 694,495				
Contributions as a Percentage of Covered-Employee Payroll	2.17%				

* Information prior to 2016 is not available.

City of Deer Park
Required Supplementary Information
Schedule of City Contributions - OPEB
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 4,227	\$ 4,088	\$ 4,069	\$ 4,185	\$ 3,899
Contributions in Relation to the Contractually Required Contribution	<u>(4,227)</u>	<u>(4,088)</u>	<u>(4,069)</u>	<u>(4,185)</u>	<u>(3,899)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 833,702	\$ 806,334	\$ 802,515	\$ 806,037	\$ 745,972
Contributions as a Percentage of Covered-Employee Payroll	0.51%	0.51%	0.51%	0.52%	0.52%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 3,833	\$ 3,650	\$ 3,580	\$ 28,530	\$ 49,030
Contributions in Relation to the Contractually Required Contribution	<u>(3,833)</u>	<u>(3,650)</u>	<u>(3,580)</u>	<u>(28,530)</u>	<u>(49,030)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 788,602	\$ 814,688	\$ 673,819	\$ 691,431	\$ 709,302
Contributions as a Percentage of Covered-Employee Payroll	0.49%	0.45%	0.53%	4.13%	6.91%

City of Deer Park
Hamilton County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

A. Budgets

An annual appropriated budget is legally required to be prepared for all funds of the City, except for the custodial fund. The Council passes appropriations for each department within each fund and for personal services within each department. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements.

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

Estimated Resources The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

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

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

Encumbrances As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

City of Deer Park
Hamilton County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

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 and disbursements. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the City's General Fund.

	General Fund	Road Levy Fund	
GAAP Basis	\$ 104,755	\$ 7,793	
Adjustments:			
Revenue Accruals	(69,650)	-	
Expenditure Accruals	9,046	-	
Budget Basis	\$ 44,151	\$ 7,793	

OHIO AUDITOR OF STATE KEITH FABER



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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 Deer Park
Hamilton County
7777 Blue Ash Road
Deer Park, Ohio 45236

To the Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Hamilton County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 7, 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 7, 2022



Rediscover
DEER PARK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Financial Reporting	Partially Corrected	Reissued in the Management letter.

CITY OF DEER PARK

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF DEER PARK

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/20/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov