

CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**



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Members of the City Council and Mayor
City of Whitehall
360 South Yearling Road
Whitehall, OH 43213-1891

We have reviewed the *Independent Auditor's Report* of the City of Whitehall, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2022

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Independent Auditor's Report

City of Whitehall
Franklin County
360 South Yearling Road
Whitehall, Ohio 43213

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitehall, Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Whitehall's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitehall, as of December 31, 2021, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the TIF Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Whitehall 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 described in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Whitehall. Our opinions are 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 of Whitehall's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Whitehall'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 of Whitehall's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022 on our consideration of the City of Whitehall's internal control over financial reporting and on 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 of Whitehall'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 of Whitehall's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
August 22, 2022

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The management's discussion and analysis of the City of Whitehall's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the City increased \$9,854,942 or 101.83% from the 2020 net position.
- General revenues accounted for \$34,066,418 or 81.00% of total governmental activities revenue. Program specific revenues accounted for \$7,991,752 or 19.00% of total governmental activities revenue.
- The City had \$32,203,228 in expenses related to governmental activities; \$7,991,752 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by general revenues (primarily miscellaneous revenues, property taxes, payment in lieu of taxes, income taxes and unrestricted grants and entitlements) of \$34,066,418.
- The general fund had revenues and other financing sources of \$34,185,569 in 2021. The expenditures and other financing uses of the general fund totaled \$33,234,352 in 2021. The net increase in fund balance for the general fund was \$951,217 or 24.53%.
- The TIF fund had revenues of \$1,332,320 in 2021. The expenditures and other financing uses of the TIF fund totaled \$729,550 in 2021. The net increase in fund balance for the TIF fund was \$602,770 or 18.67%.
- In the general fund, the actual revenues and other financing sources of \$46,282,750 were higher than the final budget of \$46,135,496. Actual expenditures and other financing uses of \$46,356,564 were lower than the amount in the final budget of \$49,258,054. Budgeted revenues and other financing sources increased \$12,277,179 from the original to the final budget while budgeted expenditures and other financing uses increased \$14,000,765.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains 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.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the City's programs and services, including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and municipal income taxes, payments in lieu of taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

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 near-term inflows and outflows 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 the 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, the 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.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the TIF fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Custodial funds are the City's only fiduciary fund type.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension asset/liability and net OPEB liability, along with contributions to the pension systems.

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2021 and 2020.

	Net Position	
	Governmental Activities	Governmental Activities
	2021	2020
<u>Assets</u>		
Current and other assets	\$ 36,370,013	\$ 33,003,098
Capital assets	<u>50,949,341</u>	<u>48,757,133</u>
Total assets	<u>87,319,354</u>	<u>81,760,231</u>
<u>Deferred Outflows</u>		
Pension	5,702,827	6,597,226
OPEB	<u>3,107,767</u>	<u>3,808,255</u>
Total deferred outflows	<u>8,810,594</u>	<u>10,405,481</u>
<u>Liabilities</u>		
Current liabilities	14,081,639	13,466,078
Long-term liabilities:		
Net pension liability	31,386,342	34,007,430
Net OPEB liability/asset	4,098,955	8,649,723
Other liabilities	<u>15,979,920</u>	<u>17,146,763</u>
Total liabilities	<u>65,546,856</u>	<u>73,269,994</u>
<u>Deferred Inflows</u>		
Property taxes levied for the next fiscal year	394,245	381,190
Payments in lieu of taxes levied for the next fiscal year	1,241,268	1,413,500
Pension	5,748,611	5,048,665
OPEB	<u>3,666,260</u>	<u>2,374,597</u>
Total deferred inflows	<u>11,050,384</u>	<u>9,217,952</u>
<u>Net Position</u>		
Net investment in capital assets	39,838,091	36,701,317
Restricted	7,633,126	6,303,663
Unrestricted (deficit)	<u>(27,938,509)</u>	<u>(33,327,214)</u>
Total net position	<u>\$ 19,532,708</u>	<u>\$ 9,677,766</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,532,708.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 58.35% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, works of art and infrastructure. The net investment in capital assets at December 31, 2021, was \$39,838,091 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$7,633,126, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance is a deficit unrestricted net position of (\$27,938,509).

The following table shows the changes in net position for 2021 and 2020.

	Change in Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,115,385	\$ 1,468,657
Operating grants and contributions	2,960,141	4,130,336
Capital grants and contributions	<u>2,916,226</u>	<u>450,250</u>
Total program revenues	<u>7,991,752</u>	<u>6,049,243</u>
General revenues:		
Municipal income taxes	29,894,806	29,265,071
Property taxes	382,690	327,756
Lodging taxes	44,059	39,136
Payments in lieu of taxes	1,332,320	1,081,001
Unrestricted grants and entitlements	1,217,548	914,754
Investment earnings	166,021	293,380
Miscellaneous	<u>1,028,974</u>	<u>2,776,581</u>
Total general revenues	<u>34,066,418</u>	<u>34,697,679</u>
Total revenues	<u>42,058,170</u>	<u>40,746,922</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Change in Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
Expenses		
General government	\$ 6,240,932	\$ 12,047,429
Security of persons and property	16,705,141	17,702,027
Public health and welfare	205,271	637,663
Transportation	3,995,394	3,642,377
Community environment	69,969	19,374
Leisure time activity	1,871,882	1,249,619
Economic development	919,508	1,230,099
Utility services	1,835,443	1,449,312
Interest and fiscal charges	359,688	585,257
	<u>32,203,228</u>	<u>38,563,157</u>
Total expenses		
	<u>9,854,942</u>	<u>2,183,765</u>
Change in net position		
	<u>9,677,766</u>	<u>7,494,001</u>
Net position at beginning of year		
	<u>\$ 19,532,708</u>	<u>\$ 9,677,766</u>
Net position at end of year		

Governmental Activities

Governmental activities net position increased by \$9,854,942 from the 2020 net position.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$16,705,141 of the total expenses of the City. These expenses were funded by \$1,126,786 in direct charges to users of the services and \$1,088,214 in operating grants and contributions. Transportation expenses totaled \$3,995,394. Transportation expenses were primarily funded by \$15,272 in direct charges to users of the services, \$1,315,508 in operating grants and contributions and \$2,359,324 in capital grants and contributions.

Expenses of the governmental activities decreased \$6,359,929 or 16.49%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

During 2021, the local state and federal government contributed to the City a total of \$5,876,367 in operating grants and contributions and capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$1,315,508 subsidized transportation programs, \$1,088,214 subsidized security of persons and property programs and \$556,419 subsidized general government. The City received \$2,916,226 in capital grants and contributions which includes funds from OPWC for road projects.

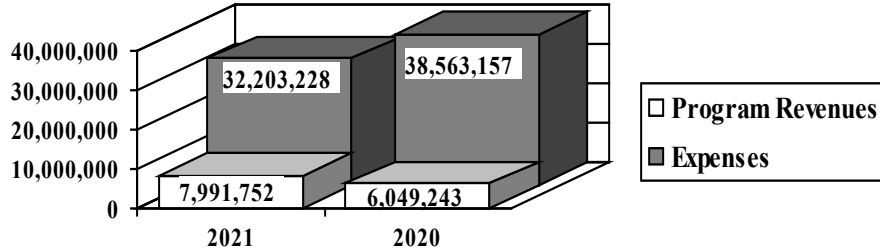
General revenues totaled \$34,066,418 and amounted to 81.00% of total governmental revenues in 2021. These revenues primarily consist of property and municipal income tax revenue of \$30,277,496. The other primary source of general revenues is payments in lieu of taxes, making up \$1,332,320.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and municipal income taxes as well as miscellaneous revenues.

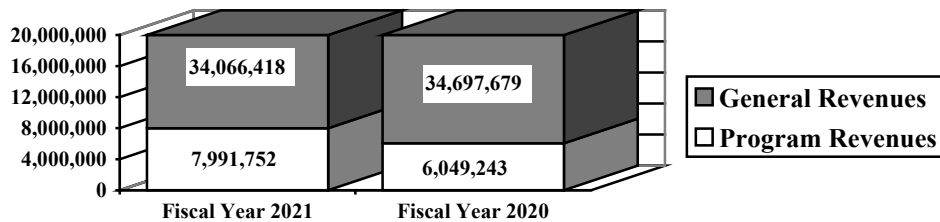
Governmental Activities - Program Revenues vs. Total Expenses



	Governmental Activities			
	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 6,240,932	\$ 4,298,522	\$ 12,047,429	\$ 11,167,689
Security of persons and property	16,705,141	14,490,141	17,702,027	14,900,613
Public health and welfare	205,271	205,271	637,663	101,637
Transportation	3,995,394	305,290	3,642,377	1,971,134
Community environment	69,969	69,969	19,374	19,374
Leisure time activity	1,871,882	1,727,644	1,249,619	1,089,174
Economic development	919,508	919,508	1,230,099	1,230,099
Utility services	1,835,443	1,835,443	1,449,312	1,448,937
Interest and fiscal charges	359,688	359,688	585,257	585,257
Total	\$ 32,203,228	\$ 24,211,476	\$ 38,563,157	\$ 32,513,914

The dependence upon general revenues for governmental activities is apparent, with 75.18% of expenses supported through taxes and other general revenues for 2021.

Governmental Activities - General and Program Revenues



**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$17,039,331 which is \$2,383,062 higher than last year's total of \$14,656,269. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2021 and December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances 12/31/21	Fund Balances 12/31/20	Change
Major funds:			
General	\$ 4,828,884	\$ 3,877,667	\$ 951,217
TIF	3,830,724	3,227,954	602,770
Other nonmajor governmental funds	<u>8,379,723</u>	<u>7,550,648</u>	<u>829,075</u>
Total	<u>\$ 17,039,331</u>	<u>\$ 14,656,269</u>	<u>\$ 2,383,062</u>

General Fund

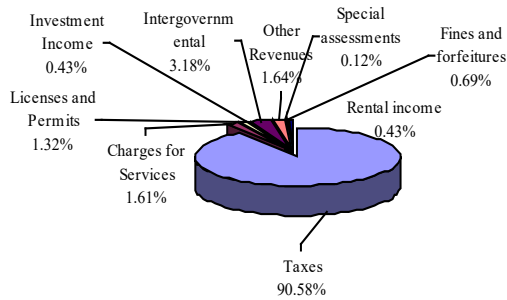
The City's general fund balance increased \$951,217. The table that follows assists in illustrating the revenues of the general fund. Tax revenues increased slightly. Income tax receipts fluctuated based on an increase in revenues received during the current year. The charges for services increased due to an increase in receipts relating to EMS service collections. Revenues related to licenses and permits remained consist with prior year. Revenues related to fines and forfeitures increased due to an increase in mayor's court costs and fines. Intergovernmental revenue increased due to an increase in local government revenues. Special assessment revenues increased due to an increase in special assessment revenues received during the current year and those receivable at the end of the year. Investment income decreased due to the amount of revenue received and the fair value change of the City's investments. Rental income remained comparable to the prior year. Other revenues decreased due to a decrease in BWC rebates/refunds received during the year.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

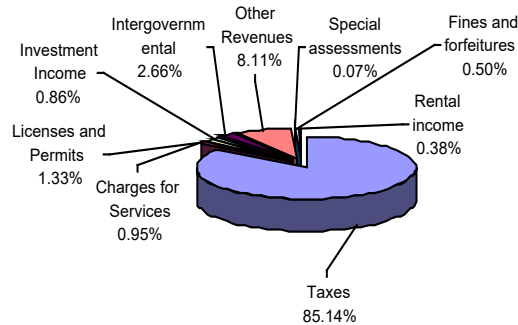
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 Amount	2020 Amount	Amount Increase (Decrease)	Percentage Increase (Decrease)
<u>Revenues</u>				
Taxes	\$ 30,667,405	\$ 29,147,514	\$ 1,519,891	5.21 %
Charges for services	544,080	324,222	219,858	67.81 %
Licenses and permits	448,160	455,422	(7,262)	(1.59) %
Fines and forfeitures	234,065	172,476	61,589	35.71 %
Intergovernmental	1,078,048	910,658	167,390	18.38 %
Special assessments	40,194	25,212	14,982	59.42 %
Investment income	145,772	293,583	(147,811)	(50.35) %
Rental income	144,238	128,975	15,263	11.83 %
Other	553,793	2,776,581	(2,222,788)	(80.05) %
Total	<u>\$ 33,855,755</u>	<u>\$ 34,234,643</u>	<u>\$ (378,888)</u>	(1.11) %

Revenues - 2021



Revenues - 2020



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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

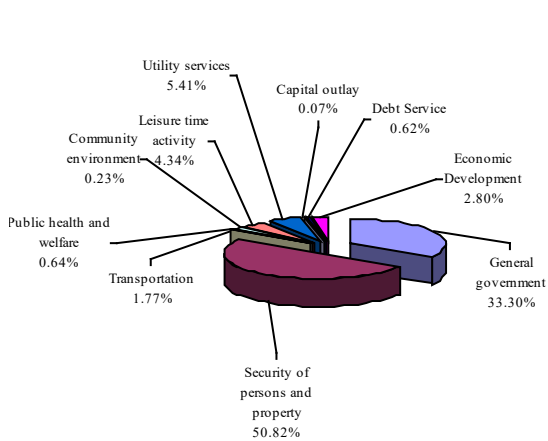
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The table that follows assists in illustrating the expenditures of the General Fund.

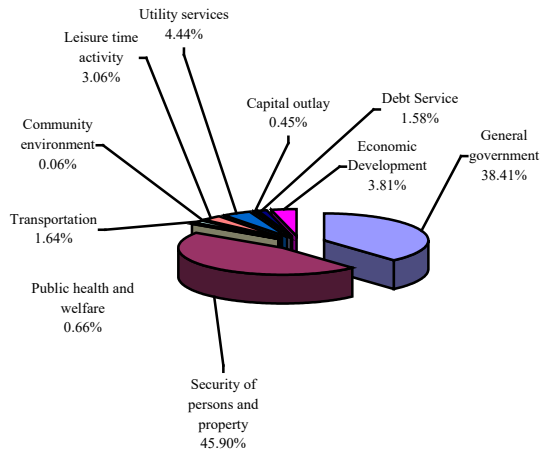
	2021	2020	Amount Increase (Decrease)	Percentage Increase (Decrease)
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
<u>Expenditures</u>				
General government	\$ 9,872,624	\$ 10,264,582	\$ (391,958)	(3.82) %
Security of persons and property	15,066,585	12,267,714	2,798,871	22.81 %
Public health and welfare	188,329	175,189	13,140	7.50 %
Transportation	524,851	438,817	86,034	19.61 %
Community environment	69,517	16,643	52,874	317.70 %
Leisure time activity	1,287,165	816,919	470,246	57.56 %
Economic development	829,692	1,018,920	(189,228)	(18.57) %
Utility services	1,602,991	1,185,968	417,023	35.16 %
Capital outlay	21,607	120,269	(98,662)	(82.03) %
Debt service	182,515	421,090	(238,575)	(56.66) %
Total	<u>\$ 29,645,876</u>	<u>\$ 26,726,111</u>	<u>\$ 2,919,765</u>	10.92 %

The decrease in the general government and can be attributed primarily to a decrease in expenses related to the mayor's department and IT related costs. The increase in security of persons and property expenditures can be attributed to an increase in police and fire expenditures. The increase in leisure time activity can be attributed to an increase in park and recreation expenditures. The increase in economic development expenditures is due to an increase in related current year expenditures. Capital outlay expenditures decreased due to a decrease in property acquisitions. All other current year expenses were comparable to the prior year.

Expenditures - 2021



Expenditures - 2020



**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

TIF Fund

The TIF fund had revenues of \$1,332,320 in 2021. The expenditures and other financing uses of the TIF fund totaled \$729,550 in 2021. The net increase in fund balance for the TIF fund was \$602,770 or 18.67%.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the General Fund. The actual revenues and other financing sources of \$46,282,750 were higher than the final budget of \$46,135,496. Actual expenditures and other financing uses of \$46,356,564 were lower than the amount in the final budget of \$49,258,054. Budgeted revenues and other financing sources increased \$12,277,179 from the original to the final budget while budgeted expenditures and other financing uses increased \$14,000,765.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the City had \$50,949,341 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, works of art and infrastructure, which is an increase of \$2,192,208 from prior year.

The following table shows fiscal 2021 balances compared to 2020:

**Capital Assets at December 31
(Net of Depreciation)**

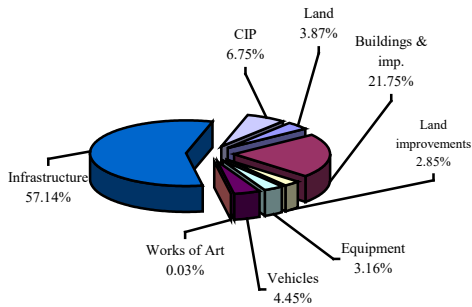
	Governmental Activities	
	2021	2020
Land	\$ 1,970,582	\$ 1,970,582
Land improvements	1,452,394	269,819
Buildings and improvements	11,082,017	11,537,709
Equipment	1,609,366	1,805,840
Vehicles	2,265,636	2,218,333
Works of art	14,528	15,691
Infrastructure	29,114,994	28,404,965
Construction in progress	3,439,824	2,534,194
Totals	\$ 50,949,341	\$ 48,757,133

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

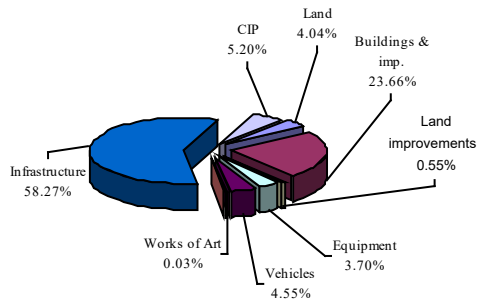
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The following graphs show the breakdown of governmental capital assets by category for 2021 and 2020.

**Capital Assets - Governmental Activities
2021**



Capital Assets - Governmental Activities 2020



The City’s largest capital asset category is infrastructure. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 57.14% of the City’s total governmental capital assets. See Note 10 to the basic financial statements for detail on capital assets.

Debt Administration

The City had the following long-term obligations in outstanding at December 31, 2021 and 2020:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 7,200,000	\$ 7,635,000
OPWC loans	1,601,536	1,685,676
Revenue bonds	2,895,000	3,145,000
FCIB loan	285,469	315,866
Lease agreement	1,227,222	1,320,272
Lease purchase agreement	157,843	210,818
Capital lease obligation	<u>15,898</u>	<u>22,119</u>
Total long-term debt obligations	<u>\$13,382,968</u>	<u>\$14,334,751</u>

See Note 12 to the basic financial statements for detail on long-term obligations.

Economic Conditions and Next Year’s General Fund Budget Outlook

The City of Whitehall remains strong financially. The City of Whitehall’s systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future.

The City’s elected and appointed officials considered many factors when setting the fiscal year budget. The primary objective for the budget was to control expenditures while continuing to improve service delivery to our constituents. Most revenues are influenced by the economy. The effect of the 2020 pandemic caused the City to layoff non-essential workers in order to cut costs. The City also cut non-essential purchases to make up for the loss of revenue. Because of these cuts the City of Whitehall goes into 2022 in a strong financial position, with a balanced budget and increase in reserves. The City income tax revenue forecast, particularly, is highly influenced by these economic conditions.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

When considering the economic health of the City, the unassigned fund balance serves as a useful indicator of the City's net resources available for spending at year-end. At the end of 2021, the City's general fund unencumbered fund balance increased from the previous year due to the changes in personnel and prudent money management. 2022 will see new development at the intersection of Broad St and Hamilton Rd.

The use of telework agreements continues to grow and has increased the amount of income tax refunds the City has had to pay out. The administration should strongly consider the effect of downward pressures on future revenue and the impact it has upon maintaining current citywide services to residents and taxpayers. In order to achieve this, administration must be committed to maintaining comprehensive efforts to reduce costs and maximize efficiency.

In order to meet the challenges of 2022, a strong and balanced commitment to cost containment and continued revenue enhancement in respect to the general fund is essential. The City's financial position will remain stable only if thorough and conservative financial management is practiced while aggressively seeking new development opportunities and other sources of revenue.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Steven Quincel, City Auditor, City of Whitehall, 360 S. Yearling Road, Whitehall, Ohio 43213.

**BASIC
FINANCIAL STATEMENTS**

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government	Component Unit
	Governmental Activities	Whitehall CIC
Assets:		
Equity in pooled cash and investments	\$ 22,108,816	\$ 61,194
Cash with fiscal and escrow agents	371,410	-
Cash in segregated accounts	3,694	-
Receivables (net of allowances for uncollectibles):		
Income taxes	3,259,705	-
Property and other taxes	436,915	-
Payments in lieu of taxes	1,241,268	-
Accounts	664,249	1,450
Special assessments	44,355	-
Accrued interest	42,205	-
Due from other governments	1,044,655	-
Prepayments	385,619	-
Materials and supplies inventory	187,280	-
Assets held for resale	6,000,000	779,400
Net pension asset	3,715	-
Net OPEB asset	576,127	-
Capital assets:		
Land and construction in progress	5,410,406	-
Depreciable capital assets, net	45,538,935	178,996
Total capital assets, net	50,949,341	178,996
Total assets	87,319,354	1,021,040
Deferred outflows of resources:		
Pension	5,702,827	-
OPEB	3,107,767	-
Total deferred outflows of resources	8,810,594	-
Liabilities:		
Accounts payable	865,001	-
Contracts payable	286,283	-
Accrued wages and benefits payable	488,282	-
Due to other governments	146,879	-
Payroll withholdings payable	14,989	-
Accrued interest payable	35,960	-
Claims payable	599,245	-
Note payable	11,645,000	-
Long-term liabilities:		
Due within one year	2,179,085	-
Net pension liability	31,386,342	-
Net OPEB liability	4,098,955	-
Other amounts due in more than one year	13,800,835	-
Total liabilities	65,546,856	-
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	394,245	-
Payments in lieu of taxes levied for the next fiscal year	1,241,268	-
Pension	5,748,611	-
OPEB	3,666,260	-
Total deferred inflows of resources	11,050,384	-
Net position:		
Net investment in capital assets	39,838,091	178,996
Restricted for:		
Capital projects	29,502	-
Street maintenance and repair	5,380,295	-
Economic development	179,401	-
Community development	170,274	-
Human services programs	1,873,654	-
Unrestricted (deficit)	(27,938,509)	842,044
Total net position	\$ 19,532,708	\$ 1,021,040

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 6,240,932	\$ 829,089	\$ 556,419	\$ 556,902
Security of persons and property	16,705,141	1,126,786	1,088,214	-
Public health and welfare	205,271	-	-	-
Transportation	3,995,394	15,272	1,315,508	2,359,324
Community environment	69,969	-	-	-
Leisure time activity	1,871,882	144,238	-	-
Economic development	919,508	-	-	-
Utility services	1,835,443	-	-	-
Interest and fiscal charges	359,688	-	-	-
Total primary government	<u>\$ 32,203,228</u>	<u>\$ 2,115,385</u>	<u>\$ 2,960,141</u>	<u>\$ 2,916,226</u>
Component unit:				
Whitehall CIC	\$ 68,422	\$ 21,486	\$ 111,768	\$ -
Total component unit	<u>\$ 68,422</u>	<u>\$ 21,486</u>	<u>\$ 111,768</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:

General purposes

Municipal income taxes levied for:

General purposes

Lodging taxes levied for:

Special revenue

Payments in lieu of taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government		Component Unit	
Governmental Activities		Whitehall CIC	
\$	(4,298,522)	\$	-
	(14,490,141)		-
	(205,271)		-
	(305,290)		-
	(69,969)		-
	(1,727,644)		-
	(919,508)		-
	(1,835,443)		-
	(359,688)		-
	<u>(24,211,476)</u>		<u>-</u>
\$	-	\$	64,832
	-		64,832
	382,690		-
	29,894,806		-
	44,059		-
	1,332,320		-
	1,217,548		-
	166,021		-
	1,028,974		-
	<u>34,066,418</u>		<u>-</u>
	9,854,942		64,832
	<u>9,677,766</u>		<u>956,208</u>
\$	<u>19,532,708</u>	\$	<u>1,021,040</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 10,289,984	\$ 3,830,724	\$ 7,988,108	\$ 22,108,816
Cash in segregated accounts	3,694	-	-	3,694
Receivables (net of allowance for uncollectibles):				
Municipal income taxes	3,259,705	-	-	3,259,705
Property and other taxes	433,029	-	3,886	436,915
Payments in lieu of taxes	-	1,241,268	-	1,241,268
Accounts	273,578	-	390,671	664,249
Interfund loans	-	-	174,734	174,734
Accrued interest	42,205	-	-	42,205
Special assessments	44,355	-	-	44,355
Due from other governments	544,341	-	500,314	1,044,655
Prepayments	385,619	-	-	385,619
Materials and supplies inventory	85,483	-	101,797	187,280
Assets held for resale	6,000,000	-	-	6,000,000
Restricted assets:				
Cash with fiscal and escrow agent	-	-	371,410	371,410
Total assets	<u>\$ 21,361,993</u>	<u>\$ 5,071,992</u>	<u>\$ 9,530,920</u>	<u>\$ 35,964,905</u>
Liabilities:				
Accounts payable	\$ 801,611	\$ -	\$ 63,390	\$ 865,001
Contracts payable	7,348	-	278,935	286,283
Accrued wages and benefits payable	454,716	-	33,566	488,282
Interfund loans payable	-	-	174,734	174,734
Due to other governments	141,700	-	5,179	146,879
Payroll withholdings payable	14,989	-	-	14,989
Claims payable	599,245	-	-	599,245
Note payable	11,645,000	-	-	11,645,000
Total liabilities	<u>13,664,609</u>	<u>-</u>	<u>555,804</u>	<u>14,220,413</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	394,245	-	-	394,245
Payments in lieu of taxes levied for the next fiscal year	-	1,241,268	-	1,241,268
Delinquent property tax revenue not available	38,784	-	-	38,784
Accrued interest not available	28,559	-	-	28,559
Special assessments revenue not available	26,100	-	-	26,100
Miscellaneous revenue not available	191,627	-	256,744	448,371
Municipal income tax revenue not available	1,791,968	-	-	1,791,968
Intergovernmental revenue not available	397,217	-	338,649	735,866
Total deferred inflows of resources	<u>2,868,500</u>	<u>1,241,268</u>	<u>595,393</u>	<u>4,705,161</u>
Fund balances:				
Nonspendable	6,509,459	-	101,797	6,611,256
Restricted	-	3,830,724	3,253,230	7,083,954
Committed	-	-	4,464,130	4,464,130
Assigned	-	-	682,489	682,489
Unassigned (deficit)	(1,680,575)	-	(121,923)	(1,802,498)
Total fund balances	<u>4,828,884</u>	<u>3,830,724</u>	<u>8,379,723</u>	<u>17,039,331</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,361,993</u>	<u>\$ 5,071,992</u>	<u>\$ 9,530,920</u>	<u>\$ 35,964,905</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances		\$ 17,039,331
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		50,949,341
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Municipal income taxes receivable	\$ 1,791,968	
Delinquent property taxes receivable	38,784	
Accounts receivable	585,100	
Accrued interest receivable	28,559	
Special assessments receivable	3,261	
Intergovernmental receivable	621,976	
Total	621,976	3,069,648
On the statement of net position, interest is accrued on outstanding bonds, whereas in funds, interest is accrued when due.		(35,960)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
General obligation bonds payable	(7,200,000)	
Revenue bonds payable	(2,895,000)	
OPWC loan	(1,601,536)	
FCIB loan	(285,469)	
Lease purchase agreement payable	(1,385,065)	
Capital lease obligations payable	(15,898)	
Compensated absences payable	(2,179,228)	
Total	(2,179,228)	(15,562,196)
Unamortized premiums on bond issuances are not recognized in the funds.		(417,724)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		3,715
The net OPEB asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		576,127
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 governmental funds.		
Deferred outflows of resources	5,702,827	
Deferred inflows of resources	(5,748,611)	
Net pension liability	(31,386,342)	
Total	(31,386,342)	(31,432,126)
The net OPEB liability is not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	3,107,767	
Deferred inflows of resources	(3,666,260)	
Net OPEB liability	(4,098,955)	
Total	(4,098,955)	(4,657,448)
Net position of governmental activities		\$ 19,532,708

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>TIF Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Municipal income taxes	\$ 30,285,239	\$ -	\$ -	\$ 30,285,239
Property and other taxes	382,166	-	44,059	426,225
Payments in lieu of taxes	-	1,332,320	-	1,332,320
Charges for services	544,080	-	328,342	872,422
Licenses and permits	448,160	-	-	448,160
Fines and forfeitures	234,065	-	162,696	396,761
Intergovernmental	1,078,048	-	5,818,527	6,896,575
Special assessments	40,194	-	-	40,194
Investment income	145,772	-	-	145,772
Rental income	144,238	-	-	144,238
Contributions and donations	15,000	-	-	15,000
Development revenues	24,819	-	475,181	500,000
Other	513,974	-	30,142	544,116
Total revenues	<u>33,855,755</u>	<u>1,332,320</u>	<u>6,858,947</u>	<u>42,047,022</u>
Expenditures:				
Current:				
General government	9,872,624	-	229,812	10,102,436
Security of persons and property	15,066,585	-	737,571	15,804,156
Public health and welfare	188,329	-	-	188,329
Transportation	524,851	138,534	1,328,066	1,991,451
Community environment	69,517	-	-	69,517
Leisure time activity	1,287,165	-	-	1,287,165
Economic development	829,692	-	60,025	889,717
Utility services	1,602,991	-	232,452	1,835,443
Capital outlay	21,607	-	6,160,357	6,181,964
Debt service:				
Principal retirement	-	-	960,127	960,127
Interest and fiscal charges	123,219	-	368,616	491,835
Note issuance costs	59,296	-	-	59,296
Total expenditures	<u>29,645,876</u>	<u>138,534</u>	<u>10,077,026</u>	<u>39,861,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,209,879</u>	<u>1,193,786</u>	<u>(3,218,079)</u>	<u>2,185,586</u>
Other financing sources (uses):				
Sale of capital assets	49,205	-	-	49,205
Transfers in	140,682	-	4,101,212	4,241,894
Transfers (out)	(3,588,476)	(591,016)	(62,402)	(4,241,894)
Premium on note issuance	139,927	-	-	139,927
Loan issuance	-	-	8,344	8,344
Total other financing sources (uses)	<u>(3,258,662)</u>	<u>(591,016)</u>	<u>4,047,154</u>	<u>197,476</u>
Net change in fund balances	951,217	602,770	829,075	2,383,062
Fund balances at beginning of year	<u>3,877,667</u>	<u>3,227,954</u>	<u>7,550,648</u>	<u>14,656,269</u>
Fund balances at end of year	<u>\$ 4,828,884</u>	<u>\$ 3,830,724</u>	<u>\$ 8,379,723</u>	<u>\$ 17,039,331</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN 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 \$ 2,383,062

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 5,375,419	
Current year depreciation	(3,114,363)	
Total	2,261,056	

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (68,848)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal income taxes	(390,433)	
Delinquent property taxes	524	
Accounts	390,225	
Accrued interest	20,249	
Special assessments	(62,725)	
Intergovernmental	53,308	
Total	11,148	

Repayment of bond, loan, capital lease, and lease-purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 960,127

Proceeds of loans are recorded as an other financing source in the funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position. (8,344)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items contributed to less interest being reported in the statement of activities:

Increase in accrued interest payable	(1,167)	
Amortization of bond premium	52,683	
Total	51,516	

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	3,512,186
OPEB	64,837

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.

Pension	(2,482,769)
OPEB	3,069,907

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 101,064

Change in net position of governmental activities \$ 9,854,942

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 29,995,181	\$ 30,393,538	\$ 30,523,991	\$ 130,453
Property and other taxes	375,545	380,533	382,166	1,633
Charges for services	527,339	534,343	536,636	2,293
Licenses and permits	446,302	452,229	454,170	1,941
Fines and forfeitures	222,156	225,107	226,073	966
Intergovernmental	1,046,376	1,060,272	1,064,823	4,551
Special assessments	24,583	24,909	25,016	107
Investment income	199,727	202,379	203,248	869
Rental income	141,739	143,622	144,238	616
Contributions and donations	14,740	14,936	15,000	64
Development revenues	24,389	24,713	24,819	106
Other	762,791	772,921	776,239	3,318
Total revenues	<u>33,780,868</u>	<u>34,229,502</u>	<u>34,376,419</u>	<u>146,917</u>
Expenditures:				
Current:				
General government	10,695,331	11,472,626	10,053,858	1,418,768
Security of persons and property	15,783,174	15,986,561	15,418,483	568,078
Public health and welfare	262,898	437,148	262,897	174,251
Transportation	572,820	576,512	527,790	48,722
Community environment	23,650	37,150	35,407	1,743
Leisure time activity	1,376,429	1,622,266	1,359,857	262,409
Utility services	1,526,165	1,830,386	1,646,175	184,211
Capital outlay	260,900	203,499	50,755	152,744
Debt service:				
Principal retirement	-	11,645,000	11,645,000	-
Interest and fiscal charges	-	123,219	123,219	-
Note issuance costs	-	59,296	59,296	-
Total expenditures	<u>30,501,367</u>	<u>43,993,663</u>	<u>41,182,737</u>	<u>2,810,926</u>
Excess/deficiency of revenues over/under expenditures	<u>3,279,501</u>	<u>(9,764,161)</u>	<u>(6,806,318)</u>	<u>2,957,843</u>
Other financing sources (uses):				
Note issuance	-	11,645,000	11,645,000	-
Premium on note issuance	-	139,927	139,927	-
Sale of capital assets	48,352	48,995	49,205	210
Advances out	(65,000)	(55,500)	-	55,500
Transfers in	29,097	72,072	72,199	127
Transfers out	(4,690,922)	(5,208,891)	(5,173,827)	35,064
Total other financing sources (uses)	<u>(4,678,473)</u>	<u>6,641,603</u>	<u>6,732,504</u>	<u>90,901</u>
Net change in fund balance	(1,398,972)	(3,122,558)	(73,814)	3,048,744
Fund balance at beginning of year	6,785,437	6,785,437	6,785,437	-
Prior year encumbrances appropriated	1,015,383	1,015,383	1,015,383	-
Fund balance at end of year	<u>\$ 6,401,848</u>	<u>\$ 4,678,262</u>	<u>\$ 7,727,006</u>	<u>\$ 3,048,744</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Payments in lieu of taxes	\$ -	\$ 995,000	\$ 1,332,320	\$ 337,320
Total revenues	<u>-</u>	<u>995,000</u>	<u>1,332,320</u>	<u>337,320</u>
Expenditures:				
Transportation	446,603	141,818	138,534	3,284
Total expenditures	<u>446,603</u>	<u>141,818</u>	<u>138,534</u>	<u>3,284</u>
Excess/deficiency of revenues over/under expenditures	<u>(446,603)</u>	<u>853,182</u>	<u>1,193,786</u>	<u>340,604</u>
Other financing uses:				
Transfers (out)	-	(591,016)	(591,016)	-
Total other financing uses	<u>-</u>	<u>(591,016)</u>	<u>(591,016)</u>	<u>-</u>
Net change in fund balance	(446,603)	262,166	602,770	340,604
Fund balance at beginning of year	<u>3,227,954</u>	<u>3,227,954</u>	<u>3,227,954</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,781,351</u>	<u>\$ 3,490,120</u>	<u>\$ 3,830,724</u>	<u>\$ 340,604</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 246,607
Due from other governments	<u>62,502</u>
Total assets	<u>309,109</u>
Liabilities:	
Accounts payable	61,870
Due to other governments	<u>1,888</u>
Total liabilities	<u>63,758</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>245,351</u>
Total net position	<u>\$ 245,351</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial
Additions:	
Amounts received as fiscal agent	\$ 184,998
Licenses, permits and fees for other governments	128,678
Total additions	313,676
Deductions:	
Distributions as fiscal agent	184,998
Licenses, permits and fees distributions to other governments	189,032
Total deductions	374,030
Net change in fiduciary net position	(60,354)
Net position beginning of year	305,705
Net position end of year	\$ 245,351

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE CITY

The City of Whitehall (the “City”) is a home rule corporation established under the laws of the State of Ohio that operates under its own Charter. The current Charter, which provides for the Mayor-Council form of government, was adopted November 8, 1966 and became effective December 31, 1966.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (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. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. To provide necessary services to its citizens, the City is divided into various departments including police, fire fighting and prevention, emergency medical services, street maintenance, parks and recreation, public service and planning and zoning. The operation of each of these departments is directly controlled by the City through the budgetary process and therefore is included as a part of the reporting entity.

For financial reporting purposes, the City’s financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

Based upon the application of these criteria, the City has one component unit.

DISCRETELY PRESENTED COMPONENT UNIT

The Whitehall Community Improvement Corporation - The Whitehall Community Improvement Corporation (CIC) was formed in 1984 and incorporated as a not-for-profit corporation under Chapters 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City. The CIC has been designated as the City’s agent for industrial and commercial distributions and research development. The Board of Directors of the CIC is comprised of thirteen members. Seven of the Board members are citizens of the City and six of the Board members are City employees. The City is considered to be financially accountable for the CIC and, therefore, the CIC is presented as a component unit of the City. Financial statements can be obtained from Mr. Steven Quincel, City Auditor, City of Whitehall, 360 South Yearling Road, Whitehall, Ohio, 43213.

Information relative to the component unit is presented in Note 26.

The City also participates in one jointly governed organization, in the Mid-Ohio Regional Planning Commission, which is further discussed in Note 19.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - Fund Accounting

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental 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 governmental activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental functions are self-financing or draw 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. 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. The City has no proprietary funds.

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

TIF fund - The TIF fund accounts for the financial resources restricted for use for construction, improvements and various projects within the TIF district, which are funded by monies received in connection with tax increment financing agreements.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City has no trust funds. The City's only fiduciary funds are custodial funds. The City's custodial fund includes activity for COBRA extended benefits, electrical inspector fees, inspection deposits, special deposits, street maintenance deposits, plumbing permits, acreage fees, state sales tax, energy projects and flexible spending.

D. Measurement Focus

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

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

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

E. 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. Custodial funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, charges for services and grants.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 14 and 15 for deferred outflows of resources related to the City's net pension asset/liability and net OPEB asset/liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources 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, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension asset/liability and net OPEB asset/liability, respectively. This deferred inflow of resources is only 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.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. For all funds, Council appropriations are made at the fund, department and object level. This is known as the legal level of budgetary control.

Tax Budget - A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except custodial funds, are legally required to be budgeted; however, only certain governmental funds are required to be reported in the basic financial statements.

Estimated Resources - The County Budget Commission determines if the 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 September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing 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 unencumbered cash balances at December 31 of the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificate of estimated resources issued during 2021.

Appropriations - A temporary appropriation ordinance 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 ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted.

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 are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in investments maturing within five years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and investments."

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During 2021, investments were limited to federal agency securities, U.S. Government money market, negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments other than STAR Ohio, are reported at fair value which is based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

At year end, the City had monies on deposit with the Franklin County Treasurer. This deposit relates to undistributed permissive taxes and has been reported on the financial statements as "cash with fiscal and escrow agent".

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During 2021, interest revenue credited to the general fund amounted to \$145,772 which includes \$79,536 assigned from other City funds.

For purpose of presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

I. Assets Held for Resale

As part of an economic development program, the City has acquired land and buildings for the purpose of revitalization. The City's intent is to sell the land and buildings for development. These transactions are conducted through the City's general fund. The associated assets have been reported at lower of cost or market.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Capital Assets

These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 for all capital assets. The City's infrastructure consists of streets and curbs, traffic signals/lights and water/sewer improvements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All 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 were estimated based on the City's historical records of necessary improvements and replacement.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 - 50 years
Buildings and improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	3 - 10 years
Infrastructure	25 years
Works of art	15 years

K. Compensated Absences

Compensated absences of the City consist of vacation leave, sick leave and compensatory time to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation and compensatory benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation leave, compensatory time and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. 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, bonds, capital leases and lease purchase agreements are recognized as a liability on the government-wide financial statements. Compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

M. Prepayments

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 expenditures/expense in the year in which it was consumed.

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental column of the statement of net position.

O. Interfund Activity

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

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

P. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes land held for resale in the general fund, unclaimed monies in the general fund, and year-end balances of materials and supplies inventory and prepayments.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Per the City's fund balance policy, in the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

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

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

Q. Estimates

The preparation of the financial statements in conformity with GAAP 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.

R. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

T. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB 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.

U. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2021, the City has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

For 2021, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balances

Fund balances at December 31, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Coronavirus Emergency Supplemental Fund	\$ 27,693
Recreation Bond Fund	94,230

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. 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 and interest by the United States;

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash with Fiscal and Escrow Agent

At year-end, the City had \$371,410 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Annual Comprehensive Financial Report for the year ended December 31, 2021. This amount is not included in the City's depository balance below.

B. Cash in Segregated Accounts

At year-end, the City had \$3,694 in cash in segregated accounts related to farmers market activity that is being passed through the City. This amount is not included in the City's depository balance below.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$18,134,359 and the bank balance of all City deposits was \$18,549,341. Of the bank balance, \$494,244 was covered by the FDIC and \$18,055,097 was covered by the Ohio Pooled Collateral System. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, some of the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

D. Investments

As of December 31, 2021, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
FNMA	\$ 179,019	\$ -	\$ -	\$ -	\$ -	\$ 179,019
FHLMC	409,058	-	-	-	262,493	146,565
FFCB	468,478	-	203,012	-	-	265,466
Negotiable CD's	3,017,959	248,573	1,002,634	507,335	750,539	508,878
U.S. Government money market	5,411	5,411	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>141,139</u>	<u>141,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,221,064</u>	<u>\$ 395,123</u>	<u>\$ 1,205,646</u>	<u>\$ 507,335</u>	<u>\$ 1,013,032</u>	<u>\$ 1,099,928</u>

The weighted average maturity of investments is 1.58 years.

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FNMA, FHLMC, FFCB), and Negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The City's investment policy states that the City will minimize interest rate risk by investing operating funds primarily in shorter-term securities and by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. With certain limitations, the City's investment policy states that the maximum maturity period for securities bearing interest at a fixed rate should be no greater than five years.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

In addition, eligible investments bearing interest rates at a variable rate must have a maturity not greater than two years. The Ohio Revised Code requires repurchase agreements to not exceed 30 days and the fair value of securities for repurchase agreements must exceed the principal value by an amount greater than or equal to two percent.

Credit Risk: The City's investments in federal agency securities were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City's U.S. Government money market mutual funds were rated AAAM by Standard & Poor's. The negotiable CDs are fully covered by the FDIC. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Auditor or qualified trustee.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

The following table includes the percentage of each investment type held by the City at December 31, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FNMA	\$ 179,019	4.24
FHLMC	409,058	9.69
FFCB	468,478	11.10
Negotiable CD's	3,017,959	71.50
U.S. Government money market	5,411	0.13
<i>Amortized Cost:</i>		
STAR Ohio	<u>141,139</u>	<u>3.34</u>
	<u>\$ 4,221,064</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 18,134,359
Investments	4,221,064
Cash with fiscal and escrow agents	371,410
Cash in segregated accounts	<u>3,694</u>
Total	<u>\$ 22,730,527</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 22,483,920
Custodial funds	<u>246,607</u>
Total	<u>\$ 22,730,527</u>

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported in the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	\$ 3,588,476
TIF fund	492,936
Nonmajor governmental funds	19,800
 <u>Transfers to general fund from:</u>	
TIF fund	98,080
Nonmajor governmental funds	<u>42,602</u>
 Total transfers	 <u>\$ 4,241,894</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund (a nonmajor governmental fund) as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the TIF fund to the general fund and to nonmajor governmental funds were for debt service and economic development incentives. Transfers from nonmajor governmental funds to nonmajor governmental funds were for debt service and new fund establishment. Transfer from nonmajor governmental funds to the general fund were related to the City's short term note issuances.

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities.

- B. Interfund loans consisted of the following at December 31, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>\$ 174,734</u>

The interfund loans are expected to be repaid once the anticipated revenues are received by the borrowing funds. Interfund balances between governmental funds are eliminated for reporting on the statement of net position.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Whitehall. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2021 was \$1.50 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 167,913,100
Commercial/industrial/mineral	104,590,000
 <u>Public utility</u>	
Real	164,410
Personal	<u>16,316,060</u>
Total assessed value	<u><u>\$ 288,983,570</u></u>

NOTE 7 - LOCAL INCOME TAX

The City levies a municipal income tax of 2.5% on all salaries, wages, commissions and other compensation; on net profits earned within the City; and on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100% for any income tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax revenue has been reported as revenue in the general fund to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2021 was \$30,285,239 in the general fund.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - TAX INCREMENT FINANCING DISTRICTS (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established eight TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOT)”, as though the TIF had not been established. These “PILOTS” are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes. PILOT revenue was \$1,332,320 in 2021 as reported in the fund financial statements. The TIFs have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2021.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Municipal income taxes	\$3,259,705
Property and other taxes	436,915
Payment in lieu of taxes	1,241,268
Accounts	664,249
Special assessments	44,355
Accrued interest	42,205
Due from other governments	<u>1,044,655</u>
Total	<u>\$6,733,352</u>

Receivables have been disaggregated on the face of the financial statements. The only receivable not expected to be collected within the subsequent year is the special assessments which are collected over the life of the assessment.

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS

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

<u>Governmental activities:</u>	Balance			Balance
	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,970,582	\$ -	\$ -	\$ 1,970,582
Construction in progress	<u>2,534,194</u>	<u>3,555,833</u>	<u>(2,650,203)</u>	<u>3,439,824</u>
Total capital assets, not being depreciated	<u>4,504,776</u>	<u>3,555,833</u>	<u>(2,650,203)</u>	<u>5,410,406</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	731,297	1,228,858	-	1,960,155
Buildings and improvements	17,516,007	54,000	(19,077)	17,550,930
Equipment	3,812,541	83,515	(287,620)	3,608,436
Vehicles	5,248,044	584,904	(271,291)	5,561,657
Works of Art	17,434	-	-	17,434
Infrastructure	<u>53,015,595</u>	<u>2,518,512</u>	<u>-</u>	<u>55,534,107</u>
Total capital assets, being depreciated	<u>80,340,918</u>	<u>4,469,789</u>	<u>(577,988)</u>	<u>84,232,719</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(461,478)	(46,283)	-	(507,761)
Buildings and improvements	(5,978,298)	(496,815)	6,200	(6,468,913)
Equipment	(2,006,701)	(271,512)	279,143	(1,999,070)
Vehicles	(3,029,711)	(490,107)	223,797	(3,296,021)
Works of Art	(1,743)	(1,163)	-	(2,906)
Infrastructure	<u>(24,610,630)</u>	<u>(1,808,483)</u>	<u>-</u>	<u>(26,419,113)</u>
Total accumulated depreciation	<u>(36,088,561)</u>	<u>(3,114,363)</u>	<u>509,140</u>	<u>(38,693,784)</u>
Total capital assets, being depreciated, net	<u>44,252,357</u>	<u>1,355,426</u>	<u>(68,848)</u>	<u>45,538,935</u>
Governmental activities capital assets, net	<u>\$ 48,757,133</u>	<u>\$ 4,911,259</u>	<u>\$ (2,719,051)</u>	<u>\$ 50,949,341</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 64,725
Security of persons and property	566,806
Transportation	1,939,691
Community environment	152
Leisure time activity	<u>542,989</u>
Total depreciation expense - governmental activities	<u>\$ 3,114,363</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LESSEE DISCLOSURE

A. Capital Leases Obligation

During prior years, the City entered into capital lease agreements for the acquisition of copiers and copier equipment. The terms of the lease agreements provide an option to purchase the equipment. These leases meet the criteria of a capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets consisting of equipment have been capitalized in the amount of \$40,122. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2021 was \$25,038, leaving a current book value of \$15,084. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments in 2021 totaled \$6,221 and \$957, respectively, paid by the technology fund (a nonmajor governmental fund).

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the minimum lease payments as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Equipment</u>
2022	\$ 5,873
2023	5,873
2024	3,598
2025	<u>1,845</u>
Total minimum lease payments	17,189
Less: amount representing interest	<u>(1,291)</u>
Present value of future minimum lease payments	<u>\$ 15,898</u>

B. Lease Agreement

During a prior year, the City entered into a Master Lease Agreement in the amount of \$1,631,772 for energy conservation measures. The interest rates on the lease is 2.90%. Principal and interest payments on the lease are due on April 29 and October 29 of each year and will be paid from the mechanical upgrades fund (a nonmajor governmental fund). During the current year, principal and interest payments totaled \$93,050 and \$37,617, respectively. The final maturity date is April 29, 2032.

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LESSEE DISCLOSURE - (Continued)

The following is a summary of the City's future debt service principal and interest requirements for the lease.

<u>Year Ending December 31,</u>	<u>Equipment</u>
2022	\$ 131,890
2023	133,147
2024	134,488
2025	135,897
2026	137,227
2027 - 2031	709,411
2032	<u>51,356</u>
Total minimum lease payments	1,433,416
Less: amount representing interest	<u>(206,194)</u>
Present value of future minimum lease payments	<u>\$ 1,227,222</u>

C. Lease Purchase Agreement

During a prior year, the City entered into a Master Lease Agreement in the amount of \$273,949 for the purchase of a freightliner. The interest rates on the lease is 4.26%. Capital assets consisting of vehicles have been capitalized in the amount of \$273,949. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2021 was \$68,487, leaving a current book value of \$205,462. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments on the lease are due monthly and will be paid from the fleet reserve & maintenance fund (a nonmajor governmental fund). During the current year, principal and interest payments totaled \$52,975 and \$7,949, respectively.

The following is a summary of the City's future debt service principal and interest requirements for the lease.

<u>Year Ending December 31,</u>	<u>Vehicles</u>
2022	\$ 60,924
2023	60,924
2024	<u>45,693</u>
Total minimum lease payments	167,541
Less: amount representing interest	<u>(9,698)</u>
Present value of future minimum lease payments	<u>\$ 157,843</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG -TERM OBLIGATIONS

A. During 2021, the following activity occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/21</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General obligation bonds	\$ 7,635,000	\$ -	\$ (435,000)	\$ 7,200,000	\$ 455,000
OPWC loans - direct borrowings	1,685,676	8,344	(92,484)	1,601,536	92,483
Revenue bonds	3,145,000	-	(250,000)	2,895,000	260,000
FCIB loan - direct borrowing	315,866	-	(30,397)	285,469	92,751
Lease agreement	1,320,272	-	(93,050)	1,227,222	97,000
Lease purchase agreement	210,818	-	(52,975)	157,843	55,275
Capital lease obligations	22,119	-	(6,221)	15,898	5,197
Net pension liability	34,007,430	-	(2,621,088)	31,386,342	-
Net OPEB liability	8,649,723	134,327	(4,685,095)	4,098,955	-
Compensated absences	<u>2,341,605</u>	<u>1,230,584</u>	<u>(1,392,961)</u>	<u>2,179,228</u>	<u>1,121,379</u>
Total governmental activities	<u>\$ 59,333,509</u>	<u>\$ 1,373,255</u>	<u>\$ (9,659,271)</u>	\$ 51,047,493	<u>\$ 2,179,085</u>
Add: unamortized bond premiums				<u>417,724</u>	
Total on statement of net position				<u>\$ 51,465,217</u>	

General Obligation Bonds

On September 24, 2014, the City issued \$1,475,000 in general obligation serial bonds, for the purpose of improving streetscapes and acquiring land. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds have an annual interest rate of 2.75% and are scheduled to mature on December 1, 2028. Principal and interest payments are made out of the debt service fund (a nonmajor governmental fund). At December 31, 2021, the City had \$80,725 of unspent bond proceeds remaining on the general obligation serial bonds.

On July 14, 2015, the City issued \$2,500,000 in recreational facilities construction and improvement bonds, for the purpose of designing, constructing and improving various recreational facilities. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds have an annual interest rate of 2.69% and are scheduled to mature on June 1, 2030. Principal and interest payments are made out of the debt service fund (a nonmajor governmental fund).

On July 31, 2019, the City issued \$5,000,000 in recreational facilities improvement bonds, for the purpose of designing, constructing and improving various recreational facilities. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds have an annual interest rate of 5.00% and are scheduled to mature on December 31, 2039. Principal and interest payments are made out of the debt service fund (a nonmajor governmental fund).

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG -TERM OBLIGATIONS - (Continued)

The following is a summary of the City’s future annual debt service requirements to maturity for the general obligation bonds payable:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 455,000	\$ 237,724	\$ 692,724
2023	470,000	221,126	691,126
2024	485,000	204,076	689,076
2025	505,000	186,392	691,392
2026	525,000	167,935	692,935
2027 - 2031	2,310,000	556,232	2,866,232
2032 - 2036	1,460,000	282,450	1,742,450
2037 - 2039	<u>990,000</u>	<u>60,000</u>	<u>1,050,000</u>
Total	<u>\$ 7,200,000</u>	<u>\$1,915,935</u>	<u>\$ 9,115,935</u>

Ohio Public Works Commission (OPWC) Loans

OPWC loans were issued during 2010 for the Mayflower Boulevard reconstruction, 2011 for the Country Club Village Roadway Improvements, 2012 for the Rosemore Avenue reconstruction, 2015 for Hamilton Road improvements, 2016 for additional Hamilton Road improvements, for Etna Road improvements, and during 2017 for additional Hamilton Road and Etna Road improvements, during 2019 for Roadway Improvements for Yearling Road and during 2020 and 2021 for additional Roadway Improvements for Yearling Road. The 2021 proceeds were deposited into the City’s nonmajor capital improvement funds. The loans are interest free and principal payments are made from the debt service fund (a nonmajor governmental fund).

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county’s undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

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**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG -TERM OBLIGATIONS - (Continued)

The following is a summary of the City's future debt service principal and interest requirements for the OPWC loans.

Year Ending December 31,	Principal	Interest	Total
2022	\$ 92,483	\$ -	\$ 92,483
2023	92,483	-	92,483
2024	92,483	-	92,483
2025	92,483	-	92,483
2026	92,483	-	92,483
2027 - 2031	462,416	-	462,416
2032 - 2036	374,453	-	374,453
2037 - 2041	211,026	-	211,026
2042 - 2044	91,226	-	91,226
Total	<u>\$ 1,601,536</u>	<u>\$ -</u>	<u>\$ 1,601,536</u>

Revenue Bonds

The City has pledged future nontax revenues in the City's general fund to repay \$4,100,000 in in Series 2016 nontax revenue bonds. The City transfers the required amount of the debt payment to the debt service fund (a nonmajor governmental fund) yearly. The proceeds were used to acquire the real and personal property within the City generally known as the Commons at Royal Landing as part of a project to redevelop that property with a mix of commercial and residential uses. The Series 2016 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2031. The bonds have an annual interest rate of 2.20%. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, licenses and permits and fines and forfeitures. Annual principal and interest payments on the revenue bonds are expected to require less than 15.00 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2016 revenue bonds is \$3,226,375. Principal and interest paid for the current year was \$250,000 and \$66,440, respectively. General fund nontax revenues for the current year were \$2,110,302.

The following is a summary of the City's future debt service principal and interest requirements for the Revenue Bonds.

Year Ending December 31,	Principal	Interest	Total
2022	\$ 260,000	\$ 60,830	\$ 320,830
2023	265,000	55,055	320,055
2024	270,000	49,170	319,170
2025	280,000	43,120	323,120
2026	285,000	36,905	321,905
2027 - 2031	<u>1,535,000</u>	<u>86,295</u>	<u>1,621,295</u>
Total	<u>\$ 2,895,000</u>	<u>\$ 331,375</u>	<u>\$ 3,226,375</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG -TERM OBLIGATIONS - (Continued)

Franklin County Infrastructure Bank (FCIB) Loan

During 2016, the City entered into a Franklin County Infrastructure Bank (FCIB) Loan in the amount of \$550,000. The proceeds will be used to finance improvements to the north Hamilton Road corridor. The interest rate on the loan is 1.70%. Principal and interest payments on the bonds are due on April 1 and October 1 of each year and will be paid from the debt service fund (a nonmajor governmental fund). The final maturity date is October 1, 2025. This loan is a direct borrowing that has terms negotiated between the City and the creditor.

The following is a summary of the City's future debt service principal and interest requirements for the FCIB Loan.

Year Ending December 31,	Principal	Interest	Total
2022	\$ 92,751	\$ 6,495	\$ 99,246
2023	63,155	3,009	66,164
2024	64,233	1,931	66,164
2025	<u>65,330</u>	<u>833</u>	<u>66,163</u>
Total	<u>\$ 285,469</u>	<u>\$ 12,268</u>	<u>\$ 297,737</u>

Lease Agreement

See Note 11 for detail on the City's lease agreement obligation.

Lease Purchase Agreement

See Note 11 for detail on the City's lease purchase agreement obligation.

Capital Lease Obligations

See Note 11 for detail on the City's capital lease obligations.

Net Pension Liability and Net OPEB Liability

See Notes 14 and 15 for more details. The City pays obligations related to employee compensation from their service which for the City, is primarily the general fund.

Compensated Absences

Compensated absences are paid primarily from the general fund and the street maintenance and repair fund (a nonmajor governmental fund).

B. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City's total debt margin was \$23,825,764 and the unvoted debt margin was \$15,894,096.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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. During 2021, the City was insured through the Public Entities Pool of Ohio for all property, general liability, auto, public official liability, errors and omissions and law enforcement liability. Real property contents are 90% coinsured.

The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Property	\$21,526,896	\$2,500
General liability	6,000,000	0
Vehicles Comprehensive/Collision	6,000,000	0
Law enforcement	6,000,000	10,000
Public management	6,000,000	5,000
Employment practices	6,000,000	5,000
Aggregate	6,000,000	0

B. Health Insurance

The City has a Risk Management program (within its general fund) to account for and finance its uninsured risks of loss. Under this program, the City provides coverage for up to a maximum of \$70,000 per person per year for 2021. The City purchases commercial insurance for claims in excess of coverage provided by the Plan and for all other risks of loss.

All funds of the City participate in the program. Payments are based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$457,516 at December 31, 2021. The claims liability reported in the general fund at December 31, 2021 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by Statement No. 30 "Risk Financing Omnibus", which requires that a liability for claims be reported at the estimated ultimate cost of settling the claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2021	\$ 335,866	\$ 2,582,543	\$ (2,319,164)	\$ 599,245
2020	254,497	3,315,021	(3,233,652)	335,866

The entire claims liability of \$599,245 will be liquidated using expendable available resources and, therefore, is reported as a liability of the general fund.

C. Workers' Compensation

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

Claims have not exceeded coverage limitations in any of the past three years and there has been no significant reduction in coverage from the prior year.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$1,012,715 for 2021. Of this amount, \$12,170 is reported as due to other governments.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
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	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,499,471 for 2021. Of this amount, \$49,822 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.03525800%	0.02753300%	0.40137030%	
Proportion of the net pension liability/asset current measurement date	<u>0.03385400%</u>	<u>0.02037900%</u>	<u>0.38687040%</u>	
Change in proportionate share	<u>-0.00140400%</u>	<u>-0.00715400%</u>	<u>-0.01449990%</u>	
Proportionate share of the net pension liability	\$ 5,013,040	\$ -	\$ 26,373,302	\$ 31,386,342
Proportionate share of the net pension asset	-	(3,715)	-	(3,715)
Pension expense	335,852	(2,665)	2,149,582	2,482,769

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 2,554	\$ 1,102,494	\$ 1,105,048
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes of assumptions	-	106	442,295	442,401
Changes in employer's proportionate percentage/difference between employer contributions	42,159	-	601,033	643,192
Contributions subsequent to the measurement date	997,931	14,784	2,499,471	3,512,186
Total deferred outflows of resources	\$ 1,040,090	\$ 17,444	\$ 4,645,293	\$ 5,702,827
	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 209,699	\$ -	\$ 1,027,425	\$ 1,237,124
Net difference between projected and actual earnings on pension plan investments	1,953,935	407	1,279,280	3,233,622
Changes of assumptions	-	-	-	-
Changes in employer's proportionate percentage/difference between employer contributions	39,129	-	1,238,736	1,277,865
Total deferred inflows of resources	\$ 2,202,763	\$ 407	\$ 3,545,441	\$ 5,748,611

\$3,512,186 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2022	\$ (808,637)	\$ 284	\$ (78,538)	\$ (886,891)
2023	(288,990)	343	453,618	164,971
2024	(796,488)	255	(1,432,437)	(2,228,670)
2025	(266,488)	313	(326,327)	(592,502)
2026	(1)	322	(15,935)	(15,614)
Thereafter	-	736	-	736
Total	\$ (2,160,604)	\$ 2,253	\$ (1,399,619)	\$ (3,557,970)

Actuarial Assumptions - OPERS

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

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

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 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.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate -
The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 9,562,401	\$ 5,013,040	\$ 1,230,254
Member-Directed Plan	(3,261)	(3,715)	(4,076)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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

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

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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%, 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%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 36,715,015	\$ 26,373,302	\$ 17,718,333

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$5,913 for 2021. Of this amount, \$71 is reported as due to other governments.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$58,924 for 2021. Of this amount, \$1,175 is reported as due to other governments.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability 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>
Proportion of the net OPEB liability			
prior measurement date	0.03391900%	0.40137030%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.03233800%</u>	<u>0.38687040%</u>	
Change in proportionate share	<u>-0.00158100%</u>	<u>-0.01449990%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 4,098,955	\$ 4,098,955
Proportionate share of the net OPEB asset	(576,127)	-	(576,127)
OPEB expense	(3,511,980)	442,073	(3,069,907)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Changes of assumptions	\$ 283,232	\$ 2,264,449	\$ 2,547,681
Changes in employer's proportionate percentage/difference between employer contributions	2,133	493,116	495,249
Contributions subsequent to the measurement date	5,913	58,924	64,837
Total deferred outflows of resources	<u>\$ 291,278</u>	<u>\$ 2,816,489</u>	<u>\$ 3,107,767</u>

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 519,950	\$ 676,107	\$ 1,196,057
Net difference between projected and actual earnings on OPEB plan investments	306,853	152,326	459,179
Changes of assumptions	933,499	653,451	1,586,950
Changes in employer's proportionate percentage/ difference between employer contributions	145,357	278,717	424,074
Total deferred inflows of resources	<u>\$ 1,905,659</u>	<u>\$ 1,760,601</u>	<u>\$ 3,666,260</u>

\$64,837 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 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	\$ (861,918)	\$ 225,859	\$ (636,059)
2023	(588,874)	261,929	(326,945)
2024	(133,345)	205,062	71,717
2025	(36,157)	229,931	193,774
2026	-	43,639	43,639
Thereafter	-	30,544	30,544
Total	<u>\$ (1,620,294)</u>	<u>\$ 996,964</u>	<u>\$ (623,330)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	6.00%
Prior Measurement date	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 Normal

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. 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 the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 143,257	\$ 576,127	\$ 931,981

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 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 590,169	\$ 576,127	\$ 560,418

Actuarial Assumptions - OP&F

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 (Level Percent of Payroll)
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%
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 Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<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 Conduent 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.

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FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

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

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, 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%), or one percentage point higher (3.96%) than the current rate.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,111,163	\$ 4,098,955	\$ 3,264,002

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

NOTE 16 - SHORT TERM NOTES PAYABLE

On November 16, 2021, the City issued a short-term special obligation nontax revenue note, series 2021 in the amount of \$9,840,000. The note bears a rate of 1.5% and has a maturity of one year. The City's note is backed by the full faith of the City.

On November 16, 2021, the City issued a short-term judgement note, series 2021 in the amount of \$1,805,000. The note bears rate of 1.50% and has a maturity of one year. The City's note is backed by the full faith of the City.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and TIF fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis), rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance	
	<u>General fund</u>	<u>TIF</u>
Budget basis	\$ (73,814)	\$ 602,770
Net adjustment for revenue accruals	(550,170)	-
Net adjustment for expenditure accruals	10,193,806	-
Net adjustment for other sources/uses	(10,059,649)	-
Funds budgeted elsewhere	499,624	-
Adjustment for encumbrances	<u>941,420</u>	<u>-</u>
GAAP basis	<u>\$ 951,217</u>	<u>\$ 602,770</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, self-funded insurance trust fund, tax incentive program fund, accrued benefits fund and recreation trust fund.

NOTE 18 - CONTINGENCIES

A. Grants

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

B. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 19 - JOINTLY GOVERNED ORGANIZATION

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 104 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes more than 60 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, Morrow, Union, Hocking, Logan, Perry, Marion, Knox and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 20 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 861,295
Other governmental	<u>788,617</u>
	<u>\$ 1,649,912</u>

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**CITY OF WHITEHALL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 21 - FUND BALANCE

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

Fund balance	General	TIF	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 85,483	\$ -	\$ 101,797	\$ 187,280
Prepays	385,619	-	-	385,619
Land held for resale	6,000,000	-	-	6,000,000
Unclaimed monies	38,357	-	-	38,357
Total nonspendable	<u>6,509,459</u>	<u>-</u>	<u>101,797</u>	<u>6,611,256</u>
Restricted:				
Judicial operations	-	-	714,192	714,192
Security programs	-	-	757,619	757,619
Public health service programs	-	-	74,469	74,469
Leisure time activities	-	-	94,230	94,230
Economic development	-	-	179,401	179,401
Street maintenance	-	3,830,724	1,152,818	4,983,542
Capital projects	-	-	280,501	280,501
Total restricted	<u>-</u>	<u>3,830,724</u>	<u>3,253,230</u>	<u>7,083,954</u>
Committed:				
Utility services	-	-	1,065,535	1,065,535
Fire department	-	-	218,896	218,896
General government	-	-	1,950	1,950
Capital projects	-	-	3,177,749	3,177,749
Total committed	<u>-</u>	<u>-</u>	<u>4,464,130</u>	<u>4,464,130</u>
Assigned:				
Debt service	-	-	682,489	682,489
Total assigned	<u>-</u>	<u>-</u>	<u>682,489</u>	<u>682,489</u>
Unassigned (deficit)	<u>(1,680,575)</u>	<u>-</u>	<u>(121,923)</u>	<u>(1,802,498)</u>
Total fund balances	<u>\$ 4,828,884</u>	<u>\$ 3,830,724</u>	<u>\$ 8,379,723</u>	<u>\$ 17,039,331</u>

**CITY OF WHITEHALL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 22 - TAX ABATEMENTS AND TAX CREDITS

Income Tax Credits

The City, by Ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation and/or for the purpose of fostering job retention in the City of Whitehall. For new job creation, if a credit is granted, it shall be measured as a percentage of the new income tax revenue the City derives from new employees of the taxpayer. For job retention, if a credit is granted, it shall be measured as a percentage of the income tax revenue the City derives from the retained employees of the taxpayer. Before the City passes an Ordinance granting a credit and/or allowing such a credit, the City and the taxpayer shall enter into an agreement specifying all the conditions of the credit.

As a result of entering into nine grant agreements, the City awarded \$829,691 to local businesses during 2021.

NOTE 23 - OTHER COMMITMENTS

At December 31, 2021, the City had uncompleted contracts, as follows:

Description	Contract Amount	Amount Paid	Remaining Commitment
FRA Whitehall Signals (PID 90383 & 99827)	\$5,079,218	\$5,006,966	\$72,252
2021 Street Maintenance Program	1,020,704	1,008,617	12,087
Dog Park	514,171	311,254	202,917
2020/2021 Sewer Rehab Program	216,821	211,479	5,342
Woodcliff Drive Realignment	4,244,963	166,909	4,078,054
Broad Street and Hamilton Road	10,923,278	-	10,923,278
Poth Road	3,997,033	2,314,045	1,682,988

NOTE 24 - COVID-19

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

NOTE 25 – SUBSEQUENT EVENT

In January 2022, Steven Quincel became the City Auditor.

NOTE 26 - WHITEHALL COMMUNITY IMPROVEMENT CORPORATION

The Whitehall Community Improvement Corporation (CIC) was formed in 1984 and incorporated as a not-for-profit corporation under Chapters 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City. The CIC has been designated as the City's agent for industrial and commercial distributions and research development. The Board of Directors of the CIC is comprised of thirteen members. Seven of the Board members are citizens of the City and six of the Board members are City employees. The City is considered to be financially accountable for the CIC and, therefore, the CIC is presented as a component unit of the City. Financial statements can be obtained from the Whitehall Community Improvement Corporation, 4308 East Main Street, Whitehall, Ohio, 43213.

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 26 - WHITEHALL COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Summary of Significant Accounting Policies

The basic financial statements of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The CIC's significant accounting policies are described below.

A. Basis of Accounting

The basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

B. Federal Income Tax

The Whitehall Community Improvement Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash in the CIC's checking account is considered to be cash and cash equivalents. All monies received by the CIC are deposited into a demand deposit account.

D. Capital Assets and Depreciation

The CIC's capital assets consist of a building which is recorded at cost. Improvements are capitalized; however, 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 capitalized.

The CIC's building is depreciated using the straight-line method over an estimated useful life of 30 years.

E. Assets Held for Resale

As part of an economic development program, the CIC has acquired land and buildings for the purpose of revitalization. The CIC's intent is to sell the land and buildings for development. The associated assets have been reported at lower of cost or market.

F. 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. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has no restricted net position.

G. Estimates

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

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 26 - WHITEHALL COMMUNITY IMPROVEMENT CORPORATION - (Continued)

H. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent occurrence. Special items are transactions or events that are within the control of the CIC Board and that are either unusual in nature or infrequent in occurrence. During 2021, the CIC did not have any extraordinary or special items.

Deposits

At December 31, 2021, the carrying amount of the CIC's deposits was \$61,194. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, the entire bank balance of \$61,194 was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

Capital Assets

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

	Balance			Balance
	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 261,944	\$ -	\$ -	\$ 261,944
Total capital assets, being depreciated	<u>\$ 261,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,944</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	\$ (74,217)	\$ (8,731)	\$ -	\$ (82,948)
Total accumulated depreciation	<u>\$ (74,217)</u>	<u>\$ (8,731)</u>	<u>\$ -</u>	<u>\$ (82,948)</u>
Total capital assets, net	<u>\$ 187,727</u>	<u>\$ (8,731)</u>	<u>\$ -</u>	<u>\$ 178,996</u>

Litigation

The CIC is involved in no material litigation as either plaintiff or defendant.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.033854%	0.035258%	0.035567%	0.033657%
City's proportionate share of the net pension liability	\$ 5,013,040	\$ 6,968,983	\$ 9,741,080	\$ 5,280,131
City's covered payroll	\$ 6,604,436	\$ 6,836,850	\$ 6,625,729	\$ 6,121,031
City's proportionate share of the net pension liability as a percentage of its covered payroll	75.90%	101.93%	147.02%	86.26%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.000000%	0.000000%	0.000000%	0.000000%
City's proportionate share of the net pension asset	n/a	n/a	n/a	n/a
City's covered payroll	n/a	n/a	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	n/a	n/a	n/a	n/a
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.020379%	0.027533%	0.002825%	0.002242%
City's proportionate share of the net pension asset	\$ 3,715	\$ 1,041	\$ 644	\$ 783
City's covered payroll	\$ 122,390	\$ 163,670	\$ 161,510	\$ 122,890
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.04%	0.64%	0.40%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.45%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.033642%	0.033649%	0.034235%	0.034235%
\$	7,639,526	\$ 5,828,431	\$ 4,129,124	\$ 4,035,860
\$	5,983,242	\$ 5,707,225	\$ 5,838,775	\$ 4,155,192
	127.68%	102.12%	70.72%	97.13%
	77.25%	81.08%	86.45%	86.36%
	0.000000%	0.000000%	0.000000%	0.000000%
\$	35	n/a	n/a	n/a
\$	242	n/a	n/a	n/a
	14.46%	n/a	n/a	n/a
	116.55%	n/a	n/a	n/a
	0.008605%	0.008758%	n/a	n/a
\$	36	\$ 33	n/a	n/a
\$	35,358	\$ 48,775	n/a	n/a
	0.10%	0.07%	n/a	n/a
	103.40%	103.91%	n/a	n/a

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.38687040%	0.40137030%	0.42180500%	0.40537000%
City's proportionate share of the net pension liability	\$ 26,373,302	\$ 27,038,447	\$ 34,430,434	\$ 24,879,438
City's covered payroll	\$ 10,982,595	\$ 10,857,436	\$ 10,844,104	\$ 10,019,950
City's proportionate share of the net pension liability as a percentage of its covered payroll	240.14%	249.03%	317.50%	248.30%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.40866200%	0.41011200%	0.40483340%	0.40483340%
\$ 25,884,265	\$ 26,382,785	\$ 20,972,058	\$ 19,716,657
\$ 9,948,383	\$ 9,197,518	\$ 9,215,999	\$ 9,075,058
260.19%	286.85%	227.56%	217.26%
68.36%	66.77%	72.20%	73.00%

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2021	2020	2019	2018
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 997,931	\$ 924,621	\$ 957,159	\$ 927,602
Contributions in relation to the contractually required contribution	(997,931)	(924,621)	(957,159)	(927,602)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,128,079	\$ 6,604,436	\$ 6,836,850	\$ 6,625,729
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
 <i>Combined Plan:</i>				
Contractually required contribution	n/a	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	n/a	n/a	n/a	n/a
City's covered payroll	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 14,784	\$ 12,239	\$ 16,367	\$ 16,151
Contributions in relation to the contractually required contribution	(14,784)	(12,239)	(16,367)	(16,151)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 147,840	\$ 122,390	\$ 163,670	\$ 161,510
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 795,734	\$ 717,989	\$ 684,867	\$ 700,653	\$ 540,175	\$ 403,908
<u>(795,734)</u>	<u>(717,989)</u>	<u>(684,867)</u>	<u>(700,653)</u>	<u>(540,175)</u>	<u>(403,908)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,121,031	\$ 5,983,242	\$ 5,707,225	\$ 5,838,775	\$ 4,155,192	\$ 4,039,080
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
n/a	\$ 29	n/a	n/a	n/a	n/a
n/a	<u>(29)</u>	n/a	n/a	n/a	n/a
n/a	<u>\$ -</u>	n/a	n/a	n/a	n/a
n/a	\$ 242	n/a	n/a	n/a	n/a
n/a	12.00%	n/a	n/a	n/a	n/a
\$ 12,289	\$ 4,243	\$ 5,853	n/a	n/a	n/a
<u>(12,289)</u>	<u>(4,243)</u>	<u>(5,853)</u>	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a
\$ 122,890	\$ 35,358	\$ 48,775	n/a	n/a	n/a
10.00%	12.00%	12.00%	n/a	n/a	n/a

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 1,139,814	\$ 1,079,089	\$ 1,063,976	\$ 1,067,363
Contributions in relation to the contractually required contribution	<u>(1,139,814)</u>	<u>(1,079,089)</u>	<u>(1,063,976)</u>	<u>(1,067,363)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,999,021	\$ 5,679,416	\$ 5,599,874	\$ 5,617,700
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 1,359,657	\$ 1,246,247	\$ 1,235,527	\$ 1,228,205
Contributions in relation to the contractually required contribution	<u>(1,359,657)</u>	<u>(1,246,247)</u>	<u>(1,235,527)</u>	<u>(1,228,205)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,785,774	\$ 5,303,179	\$ 5,257,562	\$ 5,226,404
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 946,522	\$ 918,456	\$ 863,865	\$ 887,962	\$ 752,080	\$ 523,947
<u>(946,522)</u>	<u>(918,456)</u>	<u>(863,865)</u>	<u>(887,962)</u>	<u>(752,080)</u>	<u>(523,947)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,981,695	\$ 4,833,979	\$ 4,546,658	\$ 4,673,484	\$ 4,736,020	\$ 4,109,388
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%
\$ 1,183,990	\$ 1,201,885	\$ 1,092,952	\$ 1,067,491	\$ 884,296	\$ 586,345
<u>(1,183,990)</u>	<u>(1,201,885)</u>	<u>(1,092,952)</u>	<u>(1,067,491)</u>	<u>(884,296)</u>	<u>(586,345)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,038,255	\$ 5,114,404	\$ 4,650,860	\$ 4,542,515	\$ 4,339,038	\$ 3,399,101
23.50%	23.50%	23.50%	23.50%	20.38%	17.25%

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.323380%	0.033919%	0.034234%	0.032270%	0.031681%
City's proportionate share of the net OPEB liability(asset)	\$ (576,127)	\$ 4,685,095	\$ 4,463,305	\$ 3,504,284	\$ 3,199,907
City's covered payroll	\$ 6,726,826	\$ 7,000,520	\$ 6,787,239	\$ 6,243,921	\$ 6,018,842
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-8.56%	66.92%	65.76%	56.12%	53.16%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.38687040%	0.40137030%	0.42180500%	0.40537000%	0.40866200%
City's proportionate share of the net OPEB liability	\$ 4,098,955	\$ 3,964,628	\$ 3,841,182	\$ 22,967,753	\$ 19,398,266
City's covered payroll	\$ 10,982,595	\$ 10,857,436	\$ 10,844,104	\$ 10,019,950	\$ 9,948,383
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.32%	36.52%	35.42%	229.22%	194.99%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2021	2020	2019	2018
Contractually required contribution	\$ 5,913	\$ 4,896	\$ 6,547	\$ 6,460
Contributions in relation to the contractually required contribution	(5,913)	(4,896)	(6,547)	(6,460)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,275,919	\$ 6,726,826	\$ 7,000,520	\$ 6,787,239
Contributions as a percentage of covered payroll	0.08%	0.07%	0.09%	0.10%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 66,126	\$ 121,680	\$ 114,145	\$ 83,992	\$ 41,552	\$ 161,563
<u>(66,126)</u>	<u>(121,680)</u>	<u>(114,145)</u>	<u>(83,992)</u>	<u>(41,552)</u>	<u>(161,563)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,243,921	\$ 6,018,842	\$ 5,756,000	\$ 5,838,775	\$ 4,155,192	\$ 4,039,080
1.06%	2.02%	1.98%	1.44%	1.00%	4.00%

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 29,995	\$ 28,397	\$ 27,999	\$ 28,088
Contributions in relation to the contractually required contribution	<u>(29,995)</u>	<u>(28,397)</u>	<u>(27,999)</u>	<u>(28,088)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,999,021	\$ 5,679,416	\$ 5,599,874	\$ 5,617,700
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 28,929	\$ 26,516	\$ 26,288	\$ 26,132
Contributions in relation to the contractually required contribution	<u>(28,929)</u>	<u>(26,516)</u>	<u>(26,288)</u>	<u>(26,132)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,785,774	\$ 5,303,179	\$ 5,257,562	\$ 5,226,404
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 24,170	\$ 24,170	\$ 23,348	\$ 23,234	\$ 171,235	\$ 277,384
<u>(24,170)</u>	<u>(24,170)</u>	<u>(23,348)</u>	<u>(23,234)</u>	<u>(171,235)</u>	<u>(277,384)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,981,695	\$ 4,833,979	\$ 4,546,658	\$ 4,673,484	\$ 4,736,020	\$ 4,109,388
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
\$ 25,572	\$ 25,572	\$ 23,254	\$ 18,126	\$ 155,898	\$ 229,439
<u>(25,572)</u>	<u>(25,572)</u>	<u>(23,254)</u>	<u>(18,126)</u>	<u>(155,898)</u>	<u>(229,439)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,038,255	\$ 5,114,404	\$ 4,650,860	\$ 4,542,515	\$ 4,339,038	\$ 3,399,101
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

**CITY OF WHITEHALL
FRANKLIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
-

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

City of Whitehall
Franklin County
360 South Yearling Road
Whitehall, Ohio 43213

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitehall, Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Whitehall's basic financial statements, and have issued our report thereon dated August 22, 2022, wherein we noted as described in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Whitehall's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Whitehall's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Whitehall'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 of Whitehall'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 of Whitehall's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Whitehall

Franklin County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Whitehall'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 of Whitehall's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

August 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



CITY OF WHITEHALL

FRANKLIN 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 9/15/2022

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