CITY OF ONTARIO, OHIO
RICHLAND COUNTY

Ontario
OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

City Council
City of Ontario
555 Stumbo Rd
Ontario, OH 44906

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 30, 2023

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CITY OF ONTARIO, OHIO
RICHLAND COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022

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Honorable Mayor and the City Council
City of Ontario, Ohio

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and 35% Street Construction 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2022, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 9, 2023

The management's discussion and analysis of the City of Ontario's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. 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 2022 are as follows:

- The total net position of the City increased $2,331,111. Net position of governmental activities increased $1,577,604 or 7.11% from 2021's net position. Net position of business-type activities increased $753,507 or 4.27% from 2021's net position.

- General revenues accounted for $8,055,424 or 83.10% of total governmental activities revenue. Program specific revenues accounted for $1,638,381 or 16.90% of total governmental activities revenue.

- The City had $8,053,718 in expenses related to governmental activities; $1,638,381 of these expenses were offset by program specific charges for services, grants or contributions. The general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $8,055,424 were adequate to provide the remaining expenses of the governmental activities of $6,415,337.

- The general fund had revenues and other financing sources of $5,292,636 in 2022. This represents a decrease of $73,485 from 2021 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled $5,737,433 in 2022, increased $12,765 from 2021. The net decrease in fund balance for the general fund was $444,797 or 6.32%.

- The 35% street construction fund had revenues and other financing sources of $1,669,504 in 2022. The expenditures of the 35% street construction fund totaled $1,656,160 in 2022. The net increase in fund balance for the 35% street construction fund was $13,344.

- The capital improvement fund had revenues and other financing sources of $657,691 in 2022. The expenditures of the capital improvement fund totaled $1,642,209 in 2022. The net decrease in fund balance for the capital improvement fund was $984,518.

- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2022 by $753,507.

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.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all *assets, deferred outflows, liabilities, deferred inflows, revenues and expenses (excluding fiduciary funds)* 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 that 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 City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water and sewer operations are reported here.

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 three categories: governmental funds, proprietary 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 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.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and non-major funds. The City's major governmental funds are the general fund, the 35% street construction fund, and the capital improvement 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.

Proprietary Funds

The City maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Both of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance programs for medical-related employee benefits.

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. The accounting used for fiduciary funds is much like that used for proprietary funds. 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/OPEB liabilities/asset.

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Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2022 and December 31, 2021. The 2021 amounts were restated in the table below due to the implementation of GASB Statement No. 87 (see Note 3.A. for detail).

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Assets						
Current assets	$ 15,254,941	$ 16,021,083	$ 8,909,363	$ 8,075,894	$ 24,164,304	$ 24,096,977
Capital assets, net	20,724,923	19,054,609	12,861,316	13,276,110	33,586,239	32,330,719
Total assets	35,979,864	35,075,692	21,770,679	21,352,004	57,750,543	56,427,696
Deferred outflows of resources						
Unamortized deferred charges	76,986	88,117	-	-	76,986	88,117
Pension	1,676,931	1,071,832	138,196	96,584	1,815,127	1,168,416
OPEB	379,251	541,738	10,878	44,505	390,129	586,243
Total deferred outflows of resources	2,133,168	1,701,687	149,074	141,089	2,282,242	1,842,776
Liabilities						
Current liabilities	922,367	764,857	472,455	468,372	1,394,822	1,233,229
Long-term liabilities:						
Due within one year	634,223	674,443	257,721	257,180	891,944	931,623
Net pension liability	4,105,370	5,343,775	239,901	385,832	4,345,271	5,729,607
Net OPEB liability	575,783	623,555	-	-	575,783	623,555
Other amounts	4,385,667	4,729,777	2,158,330	2,405,109	6,543,997	7,134,886
Total liabilities	10,623,410	12,136,407	3,128,407	3,516,493	13,751,817	15,652,900
Deferred inflows of resources						
Property taxes and PILOTs	717,846	714,759	-	-	717,846	714,759
Leases	39,290	1,929	-	-	39,290	1,929
Pension	2,434,961	1,021,930	297,063	179,334	2,732,024	1,201,264
OPEB	543,176	725,609	88,064	144,554	631,240	870,163
Total deferred inflows of resources	3,735,273	2,464,227	385,127	323,888	4,120,400	2,788,115
Net Position						
Net investment in capital assets	16,209,811	15,176,546	10,586,055	10,755,971	26,795,866	25,932,517
Restricted	2,056,750	1,617,605	-	-	2,056,750	1,617,605
Unrestricted	5,487,788	5,382,594	7,820,164	6,896,741	13,307,952	12,279,335
Total net position	$ 23,754,349	$ 22,176,745	$ 18,406,219	$ 17,652,712	$ 42,160,568	$ 39,829,457

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/asset 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, the net pension asset, and the net OPEB asset.

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. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, 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, 2022, the City's total assets and deferred outflows exceeded liabilities and deferred inflows by $42,160,568. At year-end, net positions were $23,754,349 and $18,406,219 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 58.16% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and intangible right to use assets. Net investment in capital assets to acquire the assets at December 31, 2022, were $16,209,811 and $10,586,055 in the governmental activities and business-type activities, respectively. 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.

As of December 31, 2022, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, $2,056,750, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of $5,487,788 may be used to meet the City's ongoing obligations to citizens and creditors.

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The table below shows the changes in net position for 2022 and 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services and sales	$ 397,855	$ 385,665	$ 4,457,410	$ 4,317,748	$ 4,855,265	$ 4,703,413
Operating grants and contributions	1,212,309	605,210	-	-	1,212,309	605,210
Capital grants and contributions	28,217	-	-	-	28,217	-
Total program revenues	1,638,381	990,875	4,457,410	4,317,748	6,095,791	5,308,623
General revenues:						
Property taxes	371,839	591,172	-	-	371,839	591,172
Income taxes	6,915,153	6,692,930	-	-	6,915,153	6,692,930
Unrestricted grants	212,132	166,560	-	-	212,132	166,560
Payments in lieu of taxes	653,256	682,705	-	-	653,256	682,705
Investment earnings	(404,997)	(48,784)	-	-	(404,997)	(48,784)
Gain on sale of capital assets	28,000	-	-	-	28,000	-
Miscellaneous	280,041	48,310	28,322	52,005	308,363	100,315
Total general revenues	8,055,424	8,132,893	28,322	52,005	8,083,746	8,184,898
Total revenues	9,693,805	9,123,768	4,485,732	4,369,753	14,179,537	13,493,521
Expenses:						
General government	1,912,678	1,592,190	-	-	1,912,678	1,592,190
Security of persons and property	3,394,825	3,046,322	-	-	3,394,825	3,046,322
Public health and welfare	316	9,712	-	-	316	9,712
Transportation	2,415,711	3,071,759	-	-	2,415,711	3,071,759
Community environment	58,197	19,348	-	-	58,197	19,348
Leisure time activity	169,008	159,690	-	-	169,008	159,690
Interest and fiscal charges	102,983	140,146	-	-	102,983	140,146
Water	-	-	1,185,555	1,065,517	1,185,555	1,065,517
Sewer	-	-	2,609,153	2,371,118	2,609,153	2,371,118
Total expenses	8,053,718	8,039,167	3,794,708	3,436,635	11,848,426	11,475,802
Transfers	(62,483)	(147,839)	62,483	147,839	-	-
Change in net position	1,577,604	936,762	753,507	1,080,957	2,331,111	2,017,719
Net position at beginning of year	22,176,745	21,239,983	17,652,712	16,571,755	39,829,457	37,811,738
Net position at end of year	$ 23,754,349	$ 22,176,745	$ 18,406,219	$ 17,652,712	$ 42,160,568	$ 39,829,457

Governmental Activities

Governmental activities net position increased $1,577,604 in 2022. Total governmental expenses increased $14,551 from 2021 to 2022. This increase is primarily the result of the increase in general government expenses during the year.

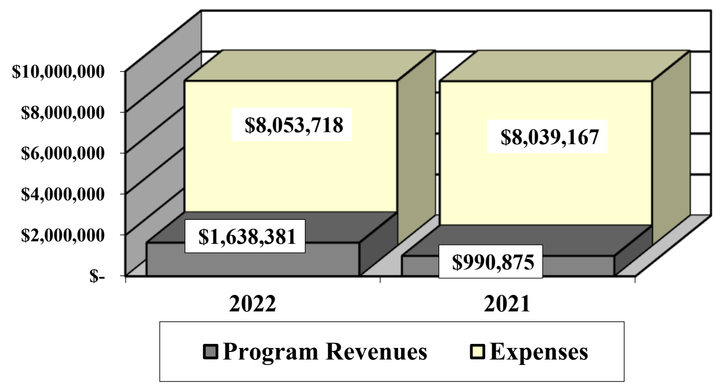
Security of persons and property, which primarily supports the operations of the police department accounted for $3,394,825 of the total expenses of the City. These expenses were partially funded by $203,465 in direct charges to users of the services. Transportation expenses totaled $2,415,711. Transportation expenses were partially funded by $674,809 in operating grants and contributions and $28,217 in capital grants and contributions.

The state and federal government contributed to the City $1,240,526 in operating and capital grants and contributions. These revenues are restricted to a particular program or purpose. In 2022, operating grants and contributions subsidized general government, transportation programs and leisure time activity programs and capital grants and contributions subsidized transportation programs.

General revenues totaled $8,055,424 and amounted to 83.10% of total governmental revenues. These revenues primarily consist of property and income tax revenue of $7,286,992. The other primary source of general revenues is payments in lieu of taxes making up $653,256.

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 following graph, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



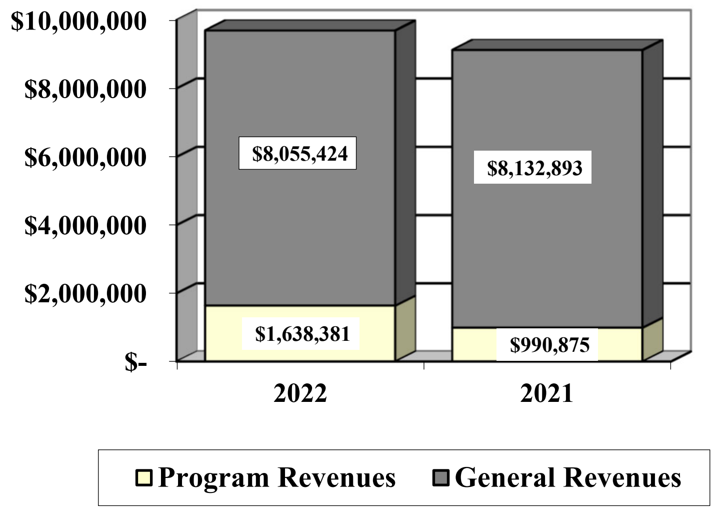
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses:				
General government	$ 1,912,678	$ 1,702,797	$ 1,592,190	$ 1,431,466
Security of persons and property	3,394,825	3,191,360	3,046,322	2,856,848
Public health and welfare	316	(9,796)	9,712	(1,133)
Transportation	2,415,711	1,712,685	3,071,759	2,466,641
Community environment	58,197	58,197	19,348	19,348
Leisure time activity	169,008	(342,889)	159,690	134,976
Interest and fiscal charges	102,983	102,983	140,146	140,146
Total Expenses	$ 8,053,718	$ 6,415,337	$ 8,039,167	$ 7,048,292

The dependence upon general revenues for governmental activities is apparent, with 79.66% of expenses supported through taxes and other general revenues in 2022.

The chart below illustrates the City's general revenues and program revenues for 2022 and 2021.

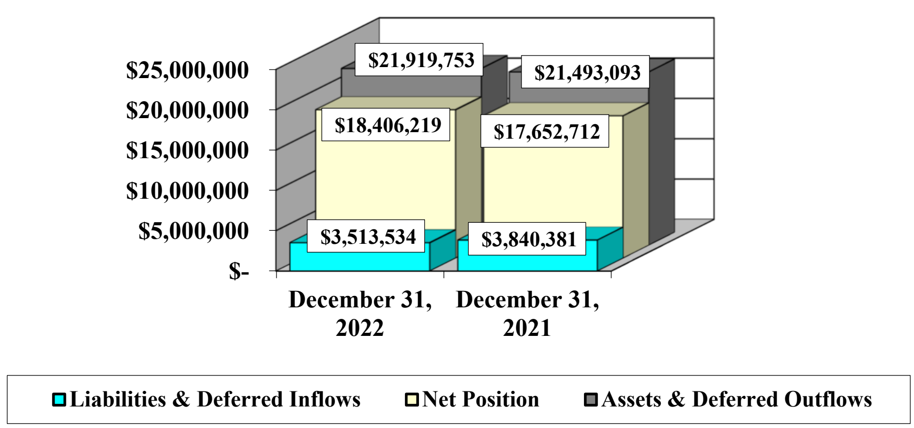
Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of $4,457,410, general revenues of $28,322, transfers in of $62,483 and expenses of $3,794,708 for 2022. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows, and net position at year-end.

Net Position in Business-Type Activities



Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted 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 $11,739,548 which is $982,516 less than last year's total of $12,722,064.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 and 2021 for all major and nonmajor governmental funds.

	Fund Balances 12/31/22	Fund Balances 12/31/21	Change
Major funds:			
General	$ 6,594,080	$ 7,038,877	$ (444,797)
35% Street Construction	2,066,511	2,053,167	13,344
Capital Improvement	1,209,108	2,193,626	(984,518)
Other nonmajor governmental funds	1,869,849	1,436,394	433,455
Total	$ 11,739,548	$ 12,722,064	$ (982,516)

General Fund

The City's general fund balance decreased $444,797. The table that follows assists in illustrating the revenues of the general fund.

Revenues			
Taxes	$ 5,167,859	$ 4,881,097	5.87 %
Licenses, permits and fees	292,309	325,439	(10.18) %
Intergovernmental	134,276	133,069	0.91 %
Investment income and fair value adjustment	(415,920)	(51,436)	(708.62) %
Rental income	27,581	-	N/A
Other	36,017	39,707	(9.29) %
Total	$ 5,242,122	$ 5,327,876	(1.61) %

Tax revenue represents 98.58% of all general fund revenue. Investment income decreased $364,484 or 708.62% as a result of the fair value adjustment recorded at December 31, 2022.

The table that follows assists in illustrating the expenditures of the general fund.

	2022 Amount	2021 Amount	Percentage Change
Expenditures			
General government	$ 1,755,815	$ 1,671,949	5.02 %
Security of persons and property	3,076,509	2,641,327	16.48 %
Transportation	5,000	5,000	0.00 %
Community environment	74,171	36,943	100.77 %
Leisure time activity	55,487	47,696	16.33 %
Capital outlay	114,394	47,371	141.49 %
Debt service	45,916	27,576	66.51 %
Total	$ 5,127,292	$ 4,477,862	14.50 %

The largest expenditure line items are security of persons and property and general government. These two expenditures account for 94.25% of total general fund expenditures. Community environment expenditures increased $37,228 or 100.77% due to increased expenditures related to zoning in 2022. Capital outlay expenditures increased $67,023 or 141.49% due to additional park improvement construction expenditures paid out of the general fund during 2022.

35% Street Construction Fund

The 35% street construction fund had revenues and other financing sources of $1,669,504 in 2022. The expenditures of the 35% street construction fund totaled $1,656,160 in 2022. The net increase in fund balance for the 35% street construction fund was $13,334 or 0.65%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of $657,691 in 2022. The expenditures of the capital improvement fund totaled $1,642,209 in 2022. The net decrease in fund balance for the capital improvement fund was $984,518 or 44.88%.

Budgeting Highlights - General Fund

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 resources 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.

In the general fund, original budgeted and final budgeted revenues were $5,606,500. Actual revenues of $5,811,065 were $204,565 more than the original and final budgeted revenues. Original budgeted and final budgeted expenditures and other financing uses were $6,253,882. Actual expenditures and other financing uses of $5,948,961 were $304,921 lower than final budgeted expenditures and other financing uses.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

The City's proprietary funds, as presented on the statement of net position, reported a combined net position of $18,451,516 which is $756,504 more than last year's total of $17,695,012.

The table below indicates the net position and the total change in net position as of December 31, 2022 and 2021 for all proprietary funds.

	Net Position 12/31/2022	Net Position 12/31/2021	Change
Major funds:			
Water	$ 6,212,396	$ 6,249,790	$ (37,394)
Sewer	12,239,120	11,445,222	793,898
Total	$ 18,451,516	$ 17,695,012	$ 756,504

Water

Net position of the City's water fund decreased $37,394 or 0.60% during 2022 from $6,249,790 to $6,212,396. The water fund had operating revenues of $1,120,070 and operating expenses of $1,159,294. The water fund had $25,293 in non-operating expenses and transfers in of $27,123. The decrease in net position is primarily the result of the operating expenses exceeding operating revenues during 2022.

Sewer

Net position of the City's sewer fund increased $793,898 or 6.94% during 2022 from $11,445,222 to $12,239,120. The sewer fund had operating revenues of $3,365,662 and operating expenses of $2,594,763. The sewer fund had $12,361 in non-operating expense and transfers in of $35,360. The increase in net position is primarily the result of the direct charges for services exceeding operating expenses during 2022.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had $33,586,239 (net of accumulated depreciation/amortization) invested in land, easements, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. Of this total, $20,724,923 was reported in governmental activities and $12,861,316 was reported in business-type activities. The following table shows 2022 balances compared to 2021. The amounts at December 31, 2021 have been restated as described in Note 3.A.

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Capital Assets at December 31
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Land	$ 2,492,488	$ 2,492,488	$ 338,131	$ 338,131	$ 2,830,619	$ 2,830,619
Easements	19,705	19,705	-	-	19,705	19,705
Construction in progress	3,093,497	848,910	207,901	-	3,301,398	848,910
Land improvements	247,687	324,409	15,248	16,492	262,935	340,901
Buildings and improvements	733,898	679,334	2,992,008	3,109,987	3,725,906	3,789,321
Furniture and equipment	487,756	231,888	740,354	818,605	1,228,110	1,050,493
Vehicles	479,186	434,485	-	-	479,186	434,485
Infrastructure	13,119,016	13,744,053	8,567,674	8,992,895	21,686,690	22,736,948
Intangible right to use assets:						
Leased equipment	49,779	63,676	-	-	49,779	63,676
Leased vehicles	1,911	215,661	-	-	1,911	215,661
Totals	$ 20,724,923	$ 19,054,609	$ 12,861,316	$ 13,276,110	$ 33,586,239	$ 32,330,719

The City's largest governmental activities capital asset category is infrastructure which includes roads and bridges. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 63.30% of the City's total governmental capital assets. For governmental activities, the most significant capital asset activity during the year primarily involved construction projects, including, but not limited to, City Hall improvements and various park improvements, which are still ongoing and reported as construction in progress (CIP).

The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 66.62% of the City's total business-type capital assets.

See Note 11 to the basic financial statements for additional information on the City's capital assets.

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Debt Administration

The City had the following long-term obligations outstanding at December 31, 2022 and 2021. The amounts at December 31, 2021 have been restated as described in Note 3.A.

	Governmental activities	
	2022	Restated 2021
General obligation bonds	$ 3,936,000	$ 4,360,000
Leases payable	52,866	34,564
Notes payable	181,293	264,184
Total long-term obligations	$ 4,170,159	$ 4,658,748

	Business-type activities	
	2022	2021
OPWC loans	$ 660,429	$ 698,597
OWDA loan	168,640	210,800
General obligation bonds	1,285,000	1,430,000
Notes payable	12,821	15,893
Total long-term obligations	$ 2,126,890	$ 2,355,290

See Note 12 to the basic financial statements for additional information on the City's long-term obligations.

Economic Conditions and Outlook

The City of Ontario strives to create a business-friendly environment for both existing and new businesses. Regardless if the type of business is manufacturing, healthcare, energy, service or retail-oriented, the area offers unique advantages to benefit the business. The City thrives as the retail center of Richland County and draws regionally from a five-county area. Ontario is located conveniently between Columbus and Cleveland, with several main routes in and out of the city offering easy access to all directions. The City also is beneficially located to take advantage of three major airports: Cleveland, Columbus, and Akron-Canton. The City is now home to approximately 6,600 residents.

In 2018, the City acquired the former General Motors complex, consisting of 267 acres. It has been noted that few if any other locations this size exist in the entire state of Ohio that have this type of infrastructure access and amenities for industrial redevelopment. In 2019 major infrastructure improvements were made to the site and it is now being marketed as the Ontario Commerce Park. This prime property, which has rail access as well as convenient access to major highways, offers opportunities and great potential for businesses. Ontario offers several economic development tools to attract business and industry. The Job Creation Tax Credit (JCTC) pursuant to Ohio law may be offered to entities who agree to make a capital investment to create and/or retain jobs. Additionally, the City actively promotes economic development by offering retention and expansion support and assistance for those businesses already located in the community. The Ohio Community Reinvestment Area program provides property tax exemptions for property owners who renovate existing or construct new buildings. These programs are designed to help offset the high cost of business start-up activities as well as assist existing businesses to grow and remain competitive in the long-term. In 2020, revitalization at the Ontario Commerce Park started strong. A developer signed an agreement purchasing six acres of land and a building, with the option to buy the property in stages. The developer invested $3.3 million transforming the building to accommodate Charter Next Generation, who is leasing the building to make specialty bags. Production began in 2021.

The construction of a second facility is nearly complete for Charter Next Generation with the plan for the manufacturer to have almost 135,000 square feet of space to operate and create 300 full-time jobs in three years. The two companies are also working on building another 250,000 square-foot facility. In total, the developer is planning to invest almost $20 million in renovating/building new facilities and Charter Next Generation will invest $67 million the next three years in the expansion.

The City takes pride in its exquisitely maintained 135-acre park system and continues to make improvements by adding playground equipment and pickle ball courts. In 2022, the $2.5 million Marshall Park project was completed encompassing a new spray-park splashpad, inclusive playground, and new turf and lights for the baseball/softball complex. The Maize Memorial Dog Park has become very popular while drawing visitors from several counties. Adjacent to the dog park, is a challenging 18-hole disc-golf course along with the soccer fields. The City was also able to continue the annual paving project and made numerous enhancements to the infrastructure. Marketing and development continue for the Ontario Triangle complex which features the TownePlace Suites by Marriott. This 86-room extended-stay hotel, in conjunction with the City, developed 67 acres of excellent retail property. Adjoining this property is a 4-story, 99-room Holiday Inn Express under construction scheduled to open in 2023.

The former Lazarus building at the Richland Mall was purchased by Avita Health System and opened "Avita Ontario", a state-of-the-art multi-specialty medical facility in the fall of 2014. The medical center offers primary care providers and medical specialists surrounded by specialty service lines such as outpatient diagnostic and treatment services including lab, imaging, endoscopy, pharmacy and forensic services. The health care complex continued to build up the 17-acre lot in phases, with Phase 2, a 23-bed emergency department with helipad, surgery care, inpatient hospital beds and critical care unit, opening in 2017. The cardiology services also expanded to include a cardiac catheterization lab and cardiac rehabilitation area. This phase totaled $26 million covering 94,000 square feet and created 350 new jobs. In 2022 the hospital introduced the $15 million 3rd Phase, developing the second floor which includes an 11-suite maternity unit, nursery, two operating rooms, inpatient units, an additional medical/surgical unit and intensive-care unit to meet the needs of the community adding 100 jobs. In October 2020, Avita purchased the former Sears property at the Richland Mall, which consisted of a vacant two-story building and a freestanding automotive center situated on 17 acres of land. This 102,149 square-foot addition will allow for convenient patient access and will continue the expansion of services, clinic space and administrative needs. Avita is investing $11 million in the "Ontario South Campus" and is scheduled to open January 2023 adding 15 new jobs. The facility will feature a walk-in clinic, medical offices, a dietician's office, x-ray and lab draw stations. 50 to 60 new jobs are anticipated when all the offices are filled and the second floor's 52,000 square feet are renovated.

The City is staying motivated and energized for changes in the area. Construction on the Beer Road Industrial Park roadway is complete enabling FedEx to develop more than 31 acres and build a $10 million 165,000 square foot packaging and distribution center. In cooperation with the Richland Community Development Group, the City works to attract new business. The Department of Zoning reported more than $15 million in new construction, alterations, and additions, with 21 new businesses opening in 2022.

The Ohio State University branch's Molyet Village Apartments, which can house 197, are nearly filled by students living on campus. In addition, three of the five additional on-campus student housing units, "Buckeye Village", are completed. The complex is located on Lexington-Springmill Road north of Meijer's. OSU and North Central State College, which share the campus, relocated the main entrance for easier access to the retail area/business district, what campus leaders call the Gateway project. This demonstrates the dedication both colleges have to our community and we look forward to continuing this partnership. The City extended the sidewalks approximately one mile to this "Campus District". The goal is to have a walkable community with a "town center" concept.

Ontario has a very promising future. Working hand-in-hand with the Richland Community Development Group, we believe that the City will see great progress. The addition of new businesses and the development of the industrial parks, show that Ontario is a great place to live, work, raise a family and grow a business. Ontario has a strong past and a bright future.

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 Mary Ann Hellinger, City Auditor, City of Ontario, 555 Stumbo Road, Ontario, Ohio 44906.

BASIC
FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 9,569,226	$ 8,294,343	$ 17,863,569
Cash in segregated accounts	12,555	-	12,555
Receivables (net of allowance for uncollectibles):			
Income taxes	2,001,252	-	2,001,252
Real and other local taxes	387,219	-	387,219
Accounts	23,145	362,734	385,879
Special assessments	13,038	-	13,038
Accrued interest	31,323	-	31,323
Intergovernmental	374,615	42	374,657
Payment in lieu of taxes	391,695	-	391,695
Leases	39,463	-	39,463
Prepayments	187,721	38,339	226,060
Materials and supplies inventory	200,701	159,904	360,605
Net pension asset	49,102	14,304	63,406
Net OPEB asset	291,773	84,994	376,767
Internal balance	45,297	(45,297)	-
Assets held for resale	1,636,816	-	1,636,816
Capital assets:			
Nondepreciable/amortized assets	5,605,690	546,032	6,151,722
Depreciable/amortized capital assets, net	15,119,233	12,315,284	27,434,517
Total capital assets, net	20,724,923	12,861,316	33,586,239
Total assets	35,979,864	21,770,679	57,750,543
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	76,986	-	76,986
Pension	1,676,931	138,196	1,815,127
OPEB	379,251	10,878	390,129
Total deferred outflows of resources	2,133,168	149,074	2,282,242
Liabilities:			
Accounts payable	78,275	19,766	98,041
Contracts payable	238,685	-	238,685
Accrued wages and benefits payable	164,762	18,194	182,956
Intergovernmental payable	79,076	430,281	509,357
Accrued interest payable	8,126	4,214	12,340
Claims payable	144,491	-	144,491
Deposits payable	46,568	-	46,568
Unearned revenue	162,384	-	162,384
Long-term liabilities:			
Due within one year	634,223	257,721	891,944
Net pension liability	4,105,370	239,901	4,345,271
Net OPEB liability	575,783	-	575,783
Other amounts due in more than one year	4,385,667	2,158,330	6,543,997
Total liabilities	10,623,410	3,128,407	13,751,817
Deferred inflows of resources:			
Property taxes and PILOTs levied for the next fiscal year	717,846	-	717,846
Leases	39,290	-	39,290
Pension	2,434,961	297,063	2,732,024
OPEB	543,176	88,064	631,240
Total deferred inflows of resources	3,735,273	385,127	4,120,400
Net position:			
Net investment in capital assets	16,209,811	10,586,055	26,795,866
Restricted for:			
Debt service	14,475	-	14,475
Transportation improvement projects	1,413,371	-	1,413,371
Police programs	9,557	-	9,557
Tax increment financing	444,920	-	444,920
Court computerization	14,243	-	14,243
Cemetery	44,582	-	44,582
Other purposes	115,602	-	115,602
Unrestricted	5,487,788	7,820,164	13,307,952
Total net position	$ 23,754,349	$ 18,406,219	$ 42,160,568

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 1,912,678	$ 149,847	$ 60,034	$ -
Security of persons and property	3,394,825	203,465	-	-
Public health and welfare	316	10,112	-	-
Transportation	2,415,711	-	674,809	28,217
Community environment	58,197	-	-	-
Leisure time activity	169,008	34,431	477,466	-
Interest and fiscal charges	102,983	-	-	-
Total governmental activities	8,053,718	397,855	1,212,309	28,217
Business-type activities:				
Water	1,185,555	1,116,643	-	-
Sewer	2,609,153	3,340,767	-	-
Total business-type activities	3,794,708	4,457,410	-	-
Total primary government	$ 11,848,426	$ 4,855,265	$ 1,212,309	$ 28,217

General revenues:
Property taxes levied for:
General purposes
Police pension
Capital outlay
Income taxes levied for:
General purposes
Special revenue
Capital projects
Grants and entitlements not restricted to specific programs
Payments in lieu of taxes
Investment earnings and fair value adjustment
Gain on sale of capital assets
Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

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		
Governmental Activities	Business-type Activities	Total
$ (1,702,797)	$ -	$ (1,702,797)
(3,191,360)	-	(3,191,360)
9,796	-	9,796
(1,712,685)	-	(1,712,685)
(58,197)	-	(58,197)
342,889	-	342,889
(102,983)	-	(102,983)
(6,415,337)	-	(6,415,337)
-	(68,912)	(68,912)
-	731,614	731,614
-	662,702	662,702
(6,415,337)	662,702	(5,752,635)
310,103	-	310,103
4,687	-	4,687
57,049	-	57,049
4,744,904	-	4,744,904
1,588,694	-	1,588,694
581,555	-	581,555
212,132	-	212,132
653,256	-	653,256
(404,997)	-	(404,997)
28,000	-	28,000
280,041	28,322	308,363
8,055,424	28,322	8,083,746
(62,483)	62,483	-
7,992,941	90,805	8,083,746
1,577,604	753,507	2,331,111
22,176,745	17,652,712	39,829,457
$ 23,754,349	$ 18,406,219	$ 42,160,568

CITY OF ONTARIO, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	35% Street Construction	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 4,211,412	$ 1,885,963	$ 1,384,458	$ 2,087,393	$ 9,569,226
Cash in segregated accounts	11,870	-	-	685	12,555
Receivables (net of allowance for uncollectibles):					
Income taxes	1,379,762	456,426	165,064	-	2,001,252
Real and other local taxes	328,815	-	14,708	43,696	387,219
Accounts	23,145	-	-	-	23,145
Accrued interest	31,288	-	35	-	31,323
Special assessments	-	-	-	13,038	13,038
Intergovernmental	59,421	-	28,217	286,977	374,615
Payments in lieu of taxes	-	-	-	391,695	391,695
Leases	38,034	-	1,429	-	39,463
Interfund loans	220,000	-	-	-	220,000
Due from other funds	151,037	-	-	-	151,037
Prepayments	158,914	28,390	-	417	187,721
Materials and supplies inventory	13,631	56,867	-	130,203	200,701
Assets held for resale	1,636,816	-	-	-	1,636,816
Total assets	$ 8,264,145	$ 2,427,646	$ 1,593,911	$ 2,954,104	$ 15,239,806
Liabilities:					
Accounts payable	$ 12,488	$ -	$ 700	$ 40,119	$ 53,307
Contracts payable	-	-	238,685	-	238,685
Accrued wages and benefits payable	136,078	27,854	-	830	164,762
Intergovernmental payable	60,079	13,203	-	5,794	79,076
Interfund loans payable	-	-	-	220,000	220,000
Claims payable	1,502	-	-	-	1,502
Unearned revenue	-	-	-	162,384	162,384
Deposits payable	46,568	-	-	-	46,568
Total liabilities	256,715	41,057	239,385	429,127	966,284
Deferred inflows of resources:					
Property taxes and PILOTs levied for the next fiscal year	287,893	-	-	429,953	717,846
Delinquent property tax revenue not available	27,815	-	-	3,696	31,511
Accrued interest not available	24,827	-	-	-	24,827
Special assessments revenue not available	-	-	-	13,038	13,038
Income tax revenue not available	953,409	320,078	115,754	-	1,389,241
Miscellaneous revenue not available	22,142	-	-	-	22,142
Intergovernmental revenue not available	59,421	-	28,217	208,441	296,079
Leases	37,843	-	1,447	-	39,290
Total deferred inflows of resources	1,413,350	320,078	145,418	655,128	2,533,974
Fund balances:					
Nonspendable	1,809,361	85,257	-	130,620	2,025,238
Restricted	-	-	-	1,744,296	1,744,296
Committed	-	1,981,254	1,209,108	1,352	3,191,714
Assigned	259,982	-	-	-	259,982
Unassigned (deficit)	4,524,737	-	-	(6,419)	4,518,318
Total fund balances	6,594,080	2,066,511	1,209,108	1,869,849	11,739,548
Total liabilities, deferred inflows of resources and fund balances	$ 8,264,145	$ 2,427,646	$ 1,593,911	$ 2,954,104	$ 15,239,806

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		$ 11,739,548
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,724,923
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Real and other local taxes receivable	$ 31,511	
Income taxes receivable	1,389,241	
Accrued interest receivable	24,827	
Special assessments receivable	13,038	
Intergovernmental receivable	296,079	
Accounts receivable	22,142	
Total		1,776,838
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		(318,994)
An internal balance is recorded in governmental activities to reflect overpayments to the internal service funds by the business-type activities.		45,297
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		76,986
Unamortized bond premiums are not recognized in the governmental funds.		(210,371)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Net pension asset	49,102	
Deferred outflows of resources	1,676,931	
Deferred inflows of resources	(2,434,961)	
Net pension liability	(4,105,370)	
Total		(4,814,298)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Net OPEB asset	291,773	
Deferred outflows of resources	379,251	
Deferred inflows of resources	(543,176)	
Net OPEB liability	(575,783)	
Total		(447,935)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	(8,126)	
Compensated absences payable	(639,360)	
Leases payable	(52,866)	
Notes payable	(181,293)	
General obligation bonds payable	(3,936,000)	
Total		(4,817,645)
Net position of governmental activities		$ 23,754,349

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	35% Street Construction	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	$ 4,763,991	$ 1,595,249	$ 578,940	$ -	$ 6,938,180
Real and other local taxes	403,868	-	57,049	17,148	478,065
Charges for services	-	-	-	44,543	44,543
Licenses, permits and fees	292,309	-	-	12,505	304,814
Intergovernmental	134,276	-	-	1,190,067	1,324,343
Payments in lieu of taxes	-	-	-	653,256	653,256
Investment income and fair value adjustme	(415,920)	-	35	5,046	(410,839)
Rental income	27,581	-	-	-	27,581
Other	36,017	58,187	10,085	235,584	339,873
Total revenues	5,242,122	1,653,436	646,109	2,158,149	9,699,816
Expenditures:					
Current:					
General government	1,755,815	-	-	353,179	2,108,994
Security of persons and property	3,076,509	-	-	481,031	3,557,540
Public health and welfare	-	-	-	316	316
Transportation	5,000	1,575,520	-	342,047	1,922,567
Community environment	74,171	-	-	-	74,171
Leisure time activity	55,487	-	-	57,813	113,300
Capital outlay	114,394	-	1,642,209	477,466	2,234,069
Debt service:					
Principal retirement	41,427	73,676	-	424,000	539,103
Interest and fiscal charges	4,489	6,964	-	108,850	120,303
Total expenditures	5,127,292	1,656,160	1,642,209	2,244,702	10,670,363
Excess (deficiency) of revenues over (under) expenditures	114,830	(2,724)	(996,100)	(86,553)	(970,547)
Other financing sources (uses):					
Lease transaction	50,514	-	-	-	50,514
Transfers in	-	16,068	11,582	654,008	681,658
Transfers (out)	(610,141)	-	-	(134,000)	(744,141)
Total other financing sources (uses)	(559,627)	16,068	11,582	520,008	(11,969)
Net change in fund balances	(444,797)	13,344	(984,518)	433,455	(982,516)
Fund balances at beginning of year	7,038,877	2,053,167	2,193,626	1,436,394	12,722,064
Fund balances at end of year	$ 6,594,080	$ 2,066,511	$ 1,209,108	$ 1,869,849	$ 11,739,548

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds		$ (982,516)
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/amortization expense. This is the amount by which depreciation/amortization expense exceeds capital outlay in the current period.		
Capital asset additions	$ 3,161,099	
Current year depreciation/amortization	(1,472,492)	
Total		1,688,607
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(18,293)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real and other local taxes	(106,226)	
Income taxes	(23,027)	
Investment income	10,830	
Special assessments	(1,225)	
Intergovernmental revenues	63,495	
Charges for service	22,142	
Total		(34,011)
The lease transaction is reported as an other financing source in the governmental funds, however, in the statement of activities, it is not reported as revenue as it increases the liability on the statement of net position.		(50,514)
Repayment of bond, note, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		539,103
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported on the statement of activities:		
Change in accrued interest	796	
Amortization of bond premium	27,655	
Amortization of deferred amounts on refunding	(11,131)	
Total		17,320
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
Pension		552,738
OPEB		9,877
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		(106,234)
OPEB		193,381
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.		(214,088)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities, net of $2,997 allocated to the business-type activities.		(17,766)
Change in net position of governmental activities		$ 1,577,604

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, 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, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Income taxes	$ 4,597,815	$ 4,597,815	$ 4,744,218	$ 146,403
Real and other local taxes	453,185	453,185	404,277	(48,908)
Licenses, permits and fees	238,000	238,000	318,995	80,995
Intergovernmental	137,500	137,500	137,946	446
Investment income	40,000	40,000	138,156	98,156
Rental income	-	-	24,500	24,500
Other	140,000	140,000	42,973	(97,027)
Total revenues	5,606,500	5,606,500	5,811,065	204,565
Expenditures:				
Current:				
General government	2,016,166	2,016,166	1,843,023	173,143
Security of persons and property	3,263,719	3,243,719	3,055,352	188,367
Transportation	5,000	5,000	5,000	-
Community environment	91,670	91,670	70,022	21,648
Leisure time activity	77,000	77,000	53,842	23,158
Capital outlay	125,000	125,000	91,581	33,419
Total expenditures	5,578,555	5,558,555	5,118,820	439,735
Excess of revenues over expenditures	27,945	47,945	692,245	644,300
Other financing uses:				
Advances out	(220,000)	(220,000)	(220,000)	-
Transfers out	(455,327)	(475,327)	(610,141)	(134,814)
Total other financing uses	(675,327)	(695,327)	(830,141)	(134,814)
Net change in fund balance	(647,382)	(647,382)	(137,896)	509,486
Fund balance at beginning of year	4,948,135	4,948,135	4,948,135	-
Fund balance at end of year	$ 4,300,753	$ 4,300,753	$ 4,810,239	$ 509,486

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
35% STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Income taxes	$ 1,868,392	$ 1,500,000	$ 1,592,726	$ 92,726
Other	68,258	7,500	58,187	50,687
Total revenues	1,936,650	1,507,500	1,650,913	143,413
Expenditures:				
Current:				
Transportation	2,270,996	2,270,996	1,739,086	531,910
Total expenditures	2,270,996	2,270,996	1,739,086	531,910
Excess of expenditures over revenues	(334,346)	(763,496)	(88,173)	675,323
Other financing sources:				
Transfers in	18,850	18,000	16,069	(1,931)
Total other financing sources	18,850	18,000	16,069	(1,931)
Net change in fund balance	(315,496)	(745,496)	(72,104)	673,392
Fund balance at beginning of year	1,957,650	1,957,650	1,957,650	-
Fund balance at end of year	$ 1,642,154	$ 1,212,154	$ 1,885,546	$ 673,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	**Sewer**	**Total**	
Assets:				
Current assets:				
Equity in pooled cash and investments	$ 2,781,013	$ 5,513,330	$ 8,294,343	$ -
Receivables (net of allowance for uncollectibles):				
Accounts	90,633	272,101	362,734	-
Intergovernmental	-	42	42	-
Materials and supplies inventory	145,104	14,800	159,904	-
Prepayments	4,111	34,228	38,339	-
Total current assets	3,020,861	5,834,501	8,855,362	-
Noncurrent assets:				
Net pension asset	8,010	6,294	14,304	-
Net OPEB asset	47,594	37,400	84,994	-
Capital assets:				
Land and construction in progress	470,527	75,505	546,032	-
Depreciable capital assets, net	4,067,723	8,247,561	12,315,284	-
Total capital assets, net	4,538,250	8,323,066	12,861,316	-
Total noncurrent assets	4,593,854	8,366,760	12,960,614	-
Total assets	7,614,715	14,201,261	21,815,976	-
Deferred outflows of resources:				
Pension	63,362	74,834	138,196	-
OPEB	3,172	7,706	10,878	-
Total deferred outflows of resources	66,534	82,540	149,074	-
Liabilities:				
Current liabilities:				
Accounts payable	12,181	7,585	19,766	24,968
Accrued wages and benefits payable	10,047	8,147	18,194	-
Due to other funds	-	-	-	151,037
Intergovernmental payable	5,980	424,301	430,281	-
Accrued interest payable	2,984	1,230	4,214	-
Compensated absences payable - current	11,907	7,289	19,196	-
General obligation bonds payable - current	130,000	25,000	155,000	-
OWDA loans payable - current	-	42,160	42,160	-
OPWC loans payable - current	-	38,169	38,169	-
Notes payable - current	-	3,196	3,196	-
Claims payable	-	-	-	142,989
Total current liabilities	173,099	557,077	730,176	318,994
Long-term liabilities:				
Compensated absences payable	53,433	55,340	108,773	-
General obligation bonds payable	780,000	350,000	1,130,000	-
OWDA loans payable	-	126,480	126,480	-
OPWC loans payable	-	622,260	622,260	-
Unamortized premium on bonds	111,426	49,766	161,192	-
Notes payable	-	9,625	9,625	-
Net pension liability	134,336	105,565	239,901	-
Total long-term liabilities	1,079,195	1,319,036	2,398,231	-
Total liabilities	1,252,294	1,876,113	3,128,407	318,994
Deferred inflows of resources:				
Pension	167,137	129,926	297,063	-
OPEB	49,422	38,642	88,064	-
Total deferred inflows of resources	216,559	168,568	385,127	-
Net position:				
Net investment in capital assets	3,516,824	7,069,231	10,586,055	-
Unrestricted (deficit)	2,695,572	5,169,889	7,865,461	(318,994)
Total net position	$ 6,212,396	$ 12,239,120	18,451,516	$ (318,994)
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds			(45,297)	
Net position of business-type activities			$ 18,406,219	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	$ 1,116,643	$ 3,340,767	$ 4,457,410	$ 1,391,573
Other	3,427	24,895	28,322	-
Total operating revenues	1,120,070	3,365,662	4,485,732	1,391,573
Operating expenses:				
Personal services	281,638	274,765	556,403	-
Contract services	185,003	1,912,521	2,097,524	284,825
Materials and supplies	368,218	53,584	421,802	-
Claims expense	-	-	-	1,127,511
Depreciation	317,311	353,893	671,204	-
Other	7,124	-	7,124	-
Total operating expenses	1,159,294	2,594,763	3,754,057	1,412,336
Operating income (loss)	(39,224)	770,899	731,675	(20,763)
Nonoperating revenues (expenses):				
Interest and fiscal charges	(25,293)	(12,361)	(37,654)	-
Total nonoperating revenues (expenses)	(25,293)	(12,361)	(37,654)	-
Income (loss) before transfers	(64,517)	758,538	694,021	(20,763)
Transfers in	27,123	35,360	62,483	-
Change in net position	(37,394)	793,898	756,504	(20,763)
Net position at beginning of year	6,249,790	11,445,222		(298,231)
Net position at end of year	$ 6,212,396	$ 12,239,120		$ (318,994)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,997)	
Change in net position of business-type activities.			$ 753,507	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Cash flows from operating activities:				
Cash received from customers	$ 1,110,769	$ 3,326,981	$ 4,437,750	$ 1,391,573
Cash received from other operations	3,427	24,895	28,322	-
Cash payments for personal services	(390,890)	(295,873)	(686,763)	-
Cash payments for contract services	(392,057)	(1,935,317)	(2,327,374)	(283,059)
Cash payments for materials and supplies	(228,220)	(49,743)	(277,963)	-
Cash payments for other expenses	(7,124)	-	(7,124)	-
Cash payments for claims	-	-	-	(1,112,107)
Net cash provided by (used in) operating activities	95,905	1,070,943	1,166,848	(3,593)
Cash flows from noncapital financing activities:				
Cash received from transfers in	27,123	35,360	62,483	-
Cash received from interfund loans	-	-	-	3,593
Net cash provided by noncapital financing activities	27,123	35,360	62,483	3,593
Cash flows from capital and related financing activities:				
financing activities:				
Acquisition of capital assets	(234,556)	(21,854)	(256,410)	-
Principal retirement on OPWC loans	-	(38,168)	(38,168)	-
Principal retirement on OWDA loans	-	(42,160)	(42,160)	-
Principal retirement on bonds	(125,000)	(20,000)	(145,000)	-
Principal retirement on notes	-	(3,072)	(3,072)	-
Interest paid	(41,400)	(16,279)	(57,679)	-
Net cash used in capital and related financing activities	(400,956)	(141,533)	(542,489)	-
Net increase (decrease) in cash and investments	(277,928)	964,770	686,842	-
Cash and investments at beginning of year	3,058,941	4,548,560	7,607,501	-
Cash and investments at end of year	$ 2,781,013	$ 5,513,330	$ 8,294,343	$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (39,224)	$ 770,899	$ 731,675	$ (20,763)
Adjustments:				
Depreciation	317,311	353,893	671,204	-
Changes in assets, deferred outflows, liabilities and deferred inflows:				
(Increase) decrease in materials and supplies inventory	(61,865)	3,841	(58,024)	-
(Increase) in accounts receivable	(5,874)	(13,786)	(19,660)	-
(Increase) in intergovernmental receivable	-	(42)	(42)	-
(Increase) decrease in prepayments	2,840	(30,286)	(27,446)	-
(Increase) in net pension asset	(2,255)	(2,467)	(4,722)	-
(Increase) in net OPEB asset	(20,409)	(19,321)	(39,730)	-
(Increase) in deferred outflows - pension	(14,113)	(27,499)	(41,612)	-
Decrease in deferred outflows - OPEB	18,289	15,338	33,627	-
Increase (decrease) in accounts payable	(2,331)	(6,299)	(8,630)	1,766
(Decrease) in accrued wages and benefits	(4,389)	(861)	(5,250)	-
Increase in intergovernmental payable	498	17,939	18,437	-
Increase (decrease) in compensated absences payable	(10,963)	12,676	1,713	-
(Decrease) in net pension liability	(97,390)	(48,541)	(145,931)	-
Increase in deferred inflows - pension	55,599	62,130	117,729	-
(Decrease) in deferred inflows - OPEB	(39,819)	(16,671)	(56,490)	-
Increase in claims payable	-	-	-	15,404
Net cash provided by (used in) operating activities	$ 95,905	$ 1,070,943	$ 1,166,848	$ (3,593)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial
Assets:	
Cash in segregated accounts	$ 767
Total assets	767
Liabilities:	
Intergovernmental payable	767
Total liabilities	767
Net position:	
Restricted for other governments	-
Total net position	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONTARIO, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions:	
Fines and forfeitures	$ 63,205
Total additions	63,205
Deductions:	
Distributions to other governments	63,205
Total deductions	63,205
Change in net position	-
Net position at beginning of year	-
Net position at end of year	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Ontario (the "City") is a statutory municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. Council President is elected to two-year terms. The Council, Mayor, Auditor, Treasurer and Law Director are elected to four-year terms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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

For financial reporting purposes, the City's financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Component units are legally separate organizations 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 financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

The primary government provides the following services to its citizens: water and sewer utilities, park operations (leisure time activities), street maintenance and repairs, police protection and a mayor's court. The financial statements of the reporting entity include only those of the City (the primary government).

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 activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. 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.

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 and deferred outflows and liabilities and deferred inflows 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.

35% street construction fund - The 35% street construction fund receives income tax revenues for constructing, maintaining and repairing City streets.

Capital improvement fund - The capital improvement fund is used to account for the financial resources to be used for the acquisition or construction of various capital improvement projects.

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 and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal service fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s only internal service fund is the Self-Insurance fund which reports on the payments of premiums and claims for healthcare.

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 used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. The City's only custodial fund is used to account for the collection and remittance of fines and forfeitures for other governments by the City's Mayor's Court.

D. Measurement Focus and Basis of Accounting

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds using a flow of 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. Proprietary and 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/outflows 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 thirty-one days of year end.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the 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 taxes, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and payments in lieu of taxes (PILOTs), unavailable revenue, and leases. Property taxes and PILOTs represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 14 and 15 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are 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.

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

F. Budgetary Process

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

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

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

G. Cash and Investments

Cash balances of the City's funds, except cash in segregated accounts, are pooled and invested to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the cash management pool is presented as "equity in pooled cash and investments" on the financial statements.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

During 2022, investments were limited to negotiable certificates of deposits, federal agency securities (FMCC, FNMA, FFCB, FHLB), U.S. government money market mutual funds, commercial paper, U.S. Treasury notes, U.S. Treasury bonds, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair market value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

During 2022, the City invested in STAR Ohio (the State Treasury Asset Reserve of Ohio). STAR 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 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. 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.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be distributed to specific funds. Interest revenue earned and credited to the general fund during 2022 amounted to a deficit of $415,920 which includes a deficit of $304,940 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

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

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of $5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. 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/amortized except for land, construction in progress, and easements. Improvements are depreciated/amortized 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/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land improvements	20 years
Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 15 years
Vehicles	8 years
Infrastructure	15 - 50 years
Intangible right to use:	
Leased equipment	5 years
Leased vehicles	5 years

The City is reporting intangible right to use assets related to leased equipment and vehicles. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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

K. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation absences 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 termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments for sick leave.

The total liability for vacation and severance payments has been calculated using pay rates in effect at December 31, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements. The liability is an estimate based on the City's past experience of making termination payments.

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. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and 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. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

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

N. 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 the long-term amount of loans receivable.

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. 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.

O. Debt Issuance Costs, Discounts and Premiums

On government-wide financial statements, issuance costs are expensed during the year in which they were incurred. Bond discounts and premiums are deferred and accreted over the terms of the bonds. Bond discounts and premiums are presented as a reduction from or addition to the face amount of the bonds.

On the governmental fund financial statements, debt issuance costs, discounts and premiums are recognized in the current period.

P. 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.

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. The City did not have any capital contributions in 2022.

R. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of monies restricted for police pension and Mayor’s court computers.

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for water, sewer and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

T. 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 Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any special items or extraordinary items in 2022.

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

V. 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 2022, the City has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, " *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the City's 2022 financial statements. The City recognized $1,929 in governmental activities in leases receivable at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The City also recognized $5,732 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances/Net Position

Fund balances/net position at December 31, 2022 included the following individual fund deficits:

Nonmajor governmental fund:	Deficit
Abandoned gas station	$ 6,419
Internal service fund:	
Self-insurance	318,994

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficits 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;

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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,

3. Obligations of the City.

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. Excepted 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 in Segregated Accounts

The City has depository accounts outside of the City treasury to account for Mayor's Court operations. The carrying amount of these depository accounts at December 31, 2022 was $13,322. These depository accounts are included in "deposits with financial institutions" below.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was $3,254,129 and the bank balance of all City deposits was $3,676,822. Of the bank balance, $263,322 was covered by the FDIC and $3,413,500 was exposed to custodial credit risk as discussed below.

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 market 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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. 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.

C. Investments

As of December 31, 2022, the City had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FMCC	$ 823,883	$ -	$ 240,527	$ 141,717	$ 93,467	$ 348,172
FNMA	784,294	-	-	-	-	784,294
FFCB	471,300	-	-	-	-	471,300
FHLB	1,590,534	-	-	-	182,391	1,408,143
Commercial paper	1,099,180	888,952	210,228	-	-	-
Negotiable CDs	4,129,170	841,821	615,033	1,474,017	351,542	846,757
U.S. Treasury Bonds	804,694	-	-	95,969	124,835	583,890
U.S. Treasury Notes	3,350,325	-	240,430	225,159	234,180	2,650,556
U.S. Government money market funds	43,101	43,101	-	-	-	-
Amortized cost:						
STAR Ohio	1,526,281	1,526,281	-	-	-	-
Total	$ 14,622,762	$ 3,300,155	$ 1,306,218	$ 1,936,862	$ 986,415	$ 7,093,112

The weighted average of maturity of investments is 2.04 years.

The City's investments in U.S. Government money market funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FMCC, FNMA, FFCB, FHLB), commercial paper, negotiable CD's, U.S. Treasury bonds, and U.S. Treasury notes 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: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio and the U.S. government money market account carry a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investments in federal agency securities, U.S. Treasury bonds, and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper are rated P-1 and A-1+ through A-1 with Moody's and Standard & Poor's, respectively. The negotiable CDs are not rated. The negotiable CDs are covered by the FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities 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, commercial paper, and U.S. Treasury notes 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 Treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer.

The following table includes the percentage of each investment type held by the City at December 31, 2022:

Measurement/ Investment type	Measurement Amount	% of Total
Fair value:		
FMCC	$ 823,883	5.64
FNMA	784,294	5.36
FFCB	471,300	3.22
FHLB	1,590,534	10.88
Commercial paper	1,099,180	7.52
Negotiable CDs	4,129,170	28.24
U.S. Treasury bonds	804,694	5.50
U.S. Treasury notes	3,350,325	22.91
U.S. Government money market fund	43,101	0.29
Amortized cost:		
STAR Ohio	1,526,281	10.44
Total	$ 14,622,762	100.00

D. Reconciliation of Cash and Investments to 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, 2022:

Cash and investments per note	
Carrying amount of deposits	$ 3,254,129
Investments	14,622,762
Total	$ 17,876,891
Cash and investments per statement of net position	
Governmental activities	$ 9,581,781
Business-type activities	8,294,343
Custodial funds	767
Total	$ 17,876,891

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following as reported on the fund financial statements:

Transfers from the general fund to:	
35% street construction fund	$ 16,068
Capital improvement fund	11,582
Nonmajor governmental funds	520,008
Water fund	27,123
Sewer fund	35,360
Total transfers from general fund	610,141
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	134,000
Total transfers	$ 744,141

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 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. The $134,000 transfer from the tax increment fund (a nonmajor governmental fund) to the debt service fund (a nonmajor governmental fund) were for payments of the 2016 TIF project bonds principal and interest.

Transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Transfers between enterprise funds are eliminated for reporting on the government-wide financial statements.

B. Due To/From Other Funds

Interfund balances at December 31, 2022 as reported on the fund statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable fund	
General fund	Internal service fund	$ 151,037

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

C. Interfund Loans

The City had short-term interfund loans at December 31, 2022. These loans are expected to be repaid in the subsequent year.

The City had the following short-term advances outstanding at year end:

Advance from	Advance to	
General fund	Nonmajor governmental fund	$ 220,000

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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 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 Ontario. 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, 2022 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 2022 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 a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2022 was $2.20 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	$ 128,192,870
Commercial/Industrial/Mineral	66,545,990
Public Utility	87,820
Personal Property	
Public Utility	7,477,770
Total Assessed Value	$ 202,304,450

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of 1.5% on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of .5% of the tax paid to another municipality. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. During 2022, by City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following: general fund, capital improvement fund, and the 35% street construction fund. On the modified accrual basis of accounting, total income tax revenue was $6,938,180 in 2022.

NOTE 8 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten or more days of vacation per year, depending upon length of service. Vacation accumulation is limited to the amount earned in one year. All accumulated unused vacation time is paid upon termination of employment. Employees earn sick leave at the same rate. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee may be paid 60% of accumulated, unused sick leave.

B. Insurance

The City provides life insurance to its employees through Guardian Insurance. The City provides medical, prescription, dental and vision benefits to employees through a self-insured plan.

NOTE 9 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established five TIFs with the addition of the Campus District, Ontario Triangle Development, Lexington-Springmill/Ferguson Road and Beer Road Industrial Park TIF agreements during 2016. 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.

During 2022, the City received PILOT revenue of $653,256 in the tax increment fund and debt service fund (nonmajor governmental funds). 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 10 – RECEIVABLES

A. Receivables at December 31, 2022, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements, and shared revenue, payments in lieu of taxes and leases. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:		
Income taxes	$	2,001,252
Real and other taxes		387,219
Accounts		23,145
Special assessments		13,038
Accrued interest		31,323
Intergovernmental		374,615
Payments in lieu of taxes		391,695
Leases		39,463
Business-type activities:		
Accounts	$	362,734
Intergovernmental		42

NOTE 10 – RECEIVABLES – (Continued)

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

B. The City has entered into lease agreements for the use of land with two parties. The first agreement began on June 1, 2022 and will terminate on November 30, 2023. The second agreement began on May 1, 2020 and ended on December 31, 2022, however, it was renewed for three additional years with an end date of December 31, 2025. Payments are made monthly or yearly depending on the agreement and are reported in the general fund and the capital improvements fund.

The City is reporting leases receivable of $38,034 in the general fund and $1,429 in the capital improvements fund at December 31, 2022. For 2022, the City recognized interest revenue of $722 related to the lease agreements.

The following is a schedule of future lease payments under the agreements:

Year Ending December 31,	Principal	Interest	Total
2023	$ 38,499	$ 501	$ 39,000
2024	476	24	500
2025	488	12	500
Total	$ 39,463	$ 537	$ 40,000

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NOTE 11 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A.) for detail, the City has reported capital assets for the right to use leased equipment and vehicles which are reflected in the schedule below. Capital asset activity for governmental activities for the year ended December 31, 2022, was as follows:

Governmental activities:	Restated Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022
Capital assets, not being depreciated/amortized:				
Land	$ 2,492,488	$ -	$ -	$ 2,492,488
Easements	19,705	-	-	19,705
Construction in progress	848,910	2,244,587	-	3,093,497
Total capital assets, not being depreciated/amortized	3,361,103	2,244,587	-	5,605,690
Capital assets, being depreciated/amortized:				
Land improvements	2,749,496	-	-	2,749,496
Buildings and improvements	3,228,094	123,035	-	3,351,129
Furniture and equipment	3,816,348	295,553	(86,683)	4,025,218
Vehicles	2,556,885	-	-	2,556,885
Infrastructure	31,367,179	446,542	-	31,813,721
Intangible right to use assets:				
Leased equipment	9,363	51,382	-	60,745
Leased vehicles	5,732	-	-	5,732
Total capital assets, being depreciated/amortized	43,733,097	916,512	(86,683)	44,562,926
Less: accumulated depreciation/amortization:				
Land improvements	(2,425,087)	(76,722)	-	(2,501,809)
Buildings and improvements	(2,548,760)	(68,471)	-	(2,617,231)
Furniture and equipment	(3,529,210)	(76,642)	68,390	(3,537,462)
Vehicles	(1,912,471)	(165,228)	-	(2,077,699)
Infrastructure	(17,623,126)	(1,071,579)	-	(18,694,705)
Intangible right to use assets:				
Leased equipment	(937)	(10,029)	-	(10,966)
Leased vehicles	-	(3,821)	-	(3,821)
Total accumulated depreciation/amortization	(28,039,591)	(1,472,492)	68,390	(29,443,693)
Total capital assets, being depreciated/amortized, net	15,693,506	(555,980)	(18,293)	15,119,233
Governmental activities capital assets, net	$ 19,054,609	$ 1,688,607	$ (18,293)	$ 20,724,923

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:	
General government	$ 55,469
Security of persons and property	53,156
Transportation	1,288,283
Leisure time activity	75,584
Total depreciation/amortization expense - governmental activities	$ 1,472,492

Capital asset activity for business-type activities for the year ended December 31, 2022, was as follows:

Business-type activities:	Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022
Capital assets, not being depreciated:				
Land	$ 338,131	$ -	$ -	$ 338,131
Construction in progress	-	207,901	-	207,901
Total capital assets, not being depreciated	338,131	207,901	-	546,032
Capital assets, being depreciated:				
Land improvements	79,492	-	-	79,492
Buildings and improvements	5,169,751	10,430	-	5,180,181
Furniture and equipment	4,074,628	38,079	(1,084)	4,111,623
Infrastructure:				
Sewer lines	10,653,890	-	-	10,653,890
Water lines	7,341,560	-	-	7,341,560
Total capital assets, being depreciated	27,319,321	48,509	(1,084)	27,366,746
Less: accumulated depreciation:				
Land improvements	(63,000)	(1,244)	-	(64,244)
Buildings and improvements	(2,059,764)	(128,409)	-	(2,188,173)
Furniture and equipment	(3,256,023)	(116,330)	1,084	(3,371,269)
Infrastructure:				
Sewer lines	(4,970,137)	(227,996)	-	(5,198,133)
Water lines	(4,032,418)	(197,225)	-	(4,229,643)
Total accumulated depreciation	(14,381,342)	(671,204)	1,084	(15,051,462)
Total capital assets, being depreciated, net	12,937,979	(622,695)	-	12,315,284
Business-type activities capital assets, net	$ 13,276,110	$ (414,794)	$ -	$ 12,861,316

Depreciation expense was charged to enterprise funds of the City as follows:

Business-type activities:	
Water	$ 317,311
Sewer	353,893
Total depreciation expense - business-type activities	$ 671,204

NOTE 12 - LONG-TERM OBLIGATIONS

A. Due to the implementation of GASB Statement No. 87 (see Note 3.A. for detail), the City has reported obligations for leases payable which are reflected in the schedule below. During 2022, the following activity occurred in governmental and business-type activities long-term obligations.

Governmental activities:	Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022	Due within One Year
General obligation bonds:					
Walker lake road refunding bonds, 2016	$ 1,000,000	$ -	$ (100,000)	$ 900,000	$ 105,000
Urwin parkway improvement bonds, 2016	530,000	-	(30,000)	500,000	30,000
Ferguson road improvement bonds, 2016	285,000	-	(55,000)	230,000	60,000
Sidewalk improvement bonds, 2016	90,000	-	(10,000)	80,000	10,000
City Hall improvement bonds, 2021	613,000	-	(57,000)	556,000	58,000
Park improvement bonds, 2021	1,842,000	-	(172,000)	1,670,000	175,000
Total general obligation bonds	4,360,000	-	(424,000)	3,936,000	438,000
Leases payable	34,564	50,514	(32,212)	52,866	13,220
Notes payable - financed purchase agreements	264,184	-	(82,891)	181,293	85,518
Net pension liability	5,343,775	-	(1,238,405)	4,105,370	-
Net OPEB liability	623,555	-	(47,772)	575,783	-
Compensated absences	507,446	291,991	(160,077)	639,360	97,485
	11,133,524	$ 342,505	$ (1,985,357)	9,490,672	$ 634,223
Unamortized premiums on bonds	238,026			210,371	
Total governmental activities	$ 11,371,550			$ 9,701,043	
Business-type activities:					
General obligation bonds:					
Water meter reading system improvement bonds, 2016	$ 360,000	$ -	$ (85,000)	$ 275,000	$ 90,000
Mabee road water tower improvement bonds, 2016	240,000	-	(15,000)	225,000	15,000
Waterline repair improvement bonds, 2016	435,000	-	(25,000)	410,000	25,000
Tappan road lift station improvement bonds, 2016	395,000	-	(20,000)	375,000	25,000
Total general obligation bonds	1,430,000	-	(145,000)	1,285,000	155,000
OPWC loans - direct borrowings:					
OPWC sewer improvement loan	275,000	-	(16,667)	258,333	16,667
OPWC I/I reduction phase 2 loan	240,710	-	(13,373)	227,337	13,373
OPWC above ground equalization tank loan	182,887	-	(8,128)	174,759	8,129
Total OPWC loans	698,597	-	(38,168)	660,429	38,169
OWDA Loan (direct borrowing)	210,800	-	(42,160)	168,640	42,160
Notes payable - financed purchase agreements	15,893	-	(3,072)	12,821	3,196
Net pension liability	385,832	-	(145,931)	239,901	-
Compensated absences	126,256	51,573	(49,860)	127,969	19,196
	2,867,378	$ 51,573	$ (424,191)	2,494,760	$ 257,721
Unamortized premiums on bonds	180,743			161,192	
Total business-type activities	$ 3,048,121			$ 2,655,952	

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences for governmental activities will be paid from the fund from which the employee is paid which, for the City, is the general fund and the 35% street construction and maintenance fund. Compensated absences for business-type activities will be paid from the fund from which the employee is paid which, for the City, is the water and sewer enterprise funds.

The City's net pension liability and net OPEB liability are described in Notes 14 and 15.

B. General Obligation Bonds

On October 19, 2016, the City issued general obligation refunding and improvement bonds in the amount of $4,590,000 to advance refund a portion of the Walker Lake Road general obligation bonds, series 2009 ($1,130,000) and were used to retire the Urwin Parkway Improvements bond anticipation notes ($775,000), the Ferguson Road Improvement bond anticipation notes ($495,000), the sidewalk improvements bond anticipation notes ($250,000), the water meter reading system bond anticipation notes ($885,000), the Mabee Road water tower bond anticipation notes ($355,000), the waterline repair bond anticipation notes ($655,000), and the Tappan Road lift station bond anticipation notes ($595,000). The reacquisition price exceeded the net carrying amount of the Walker Lake Road refunding bonds by $146,091. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2029 for the Walker Lake Road refunding bonds using the straight-line method.

The governmental activities improvement bonds carry interest rates ranging from 2.00% and 4.05% and will mature on December 1, 2035 (The Urwin Parkway and sidewalk improvement bonds) and on December 1, 2025 (The Ferguson Road improvement bonds). The business-type activities improvement bonds carry interest rates between 2.00% and 4.05% and will mature on December 1, 2025 (The water meter reading systems bonds) and on December 1, 2035 (The Mabee Road water tower, waterline repair and Tappan Road lift station improvement bonds).

On July 8, 2021, the City issued general obligation improvement bonds in the amount of $2,455,000 to fund City Hall and park improvements. The interest rate on the series 2021 bonds is 1.33%. Principal payments are due December 1 of each year and interest payments are due June 1 and December 1 each year with a final maturity date of December 1, 2031.

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Year Ending December 31,	Governmental Activities General Obligation Bonds Payable			Business-Type Activities General Obligation Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	$ 438,000	$ 98,006	$ 536,006	$ 155,000	$ 51,400	$ 206,400
2024	451,000	86,707	537,707	155,000	45,200	200,200
2025	465,000	74,968	539,968	160,000	39,000	199,000
2026	409,000	62,776	471,776	70,000	32,600	102,600
2027	412,000	52,931	464,931	70,000	29,800	99,800
2028 - 2032	1,571,000	122,954	1,693,954	395,000	105,000	500,000
2033 - 2035	190,000	15,400	205,400	280,000	22,600	302,600
Total	$ 3,936,000	$ 513,742	$ 4,449,742	$ 1,285,000	$ 325,600	$ 1,610,600

C. OPWC Loans

The interest-free OPWC sewer improvement loan was entered into during 2008 to finance improvements to the City's sewer system. The OPWC sewer improvement loan will all be paid from the sewer fund and has an outstanding balance of $258,333.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

During 2009, the City entered into a loan with the OPWC for the I/I reduction phase 2 project. This is an interest-free OPWC loan and has an outstanding balance of $227,337.

During 2014, the City entered into another OPWC loan agreement for the purpose of building an above ground equalization tank. The loan is interest free and the outstanding balance as of December 31, 2022 was $174,759.

The OPWC loans are to be paid from sewer resources; however, the loans are backed by the full faith and credit of the City. OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest or late charges associated with the default.

The following is a summary of the future debt service requirements to maturity for the OPWC loans:

	Business-Type Activities			
Year Ending December 31,	OPWC Sewer Improvement Loan Principal	OPWC Sewer I/I Reduction Phase 2 Principal	OPWC Sewer Equalization Tank Principal	Total OPWC Loans
2023	$ 16,667	$ 13,373	$ 8,129	$ 38,169
2024	16,667	13,373	8,128	38,168
2025	16,667	13,373	8,128	38,168
2026	16,667	13,373	8,129	38,169
2027	16,667	13,373	8,128	38,168
2028 - 2032	83,332	66,864	40,642	190,838
2033 - 2037	83,332	66,864	40,641	190,837
2038 - 2042	8,334	26,744	40,641	75,719
2043 - 2044	-	-	12,193	12,193
Total	$ 258,333	$ 227,337	$ 174,759	$ 660,429

D. OWDA Loans

The City has entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund capital improvements to the City's new wastewater treatment plant. The amount due to the OWDA is payable solely from sewer fund revenues. The loan agreements function similar to a line-of-credit agreement and require semi-annual payments based on the permissible borrowings rather than the actual amount loaned.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

As of December 31, 2022, the outstanding balance was $168,640.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the OWDA loan:

	Business-Type Activities	
Year Ending December 31,	OWDA Principal	
2023	$	42,160
2024		42,160
2025		42,160
2026		42,160
Total	$	168,640

E. Leases Payable

The City has entered into lease agreements for the right to use leased assets. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the 35% street construction fund.

The City has entered into lease agreements for copier equipment, postage machine, and a vehicle at varying years and terms.

The following is a schedule of future lease payments under the lease agreements:

	Governmental Activities					
Year Ending December 31,			Leases Payable			
	Principal		Interest		Total	
2023	$	13,220	$	1,298	$	14,518
2024		11,616		958		12,574
2025		11,955		619		12,574
2026		11,761		273		12,034
2027		4,314		26		4,340
Total	$	52,866	$	3,174	$	56,040

F. Notes Payable – Financed Purchase Agreements

During 2018, the City entered into a financed purchase agreement in the amount of $86,285 to finance lighting upgrades throughout the City. During 2019, the City entered into a financed purchase agreement in the amount of $305,354 to finance two Freightliner dump trucks. In 2020, the City entered into a financed purchase agreement in the amount of $65,334 to finance a Kobelco excavator. Financed purchase payments will be reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. These expenditures will be reflected as program/function expenditures on a budgetary basis.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future payments under the financed purchase agreements:

Year Ending December 31,	Governmental Activities Notes Payable			Business-Type Activities Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	$ 85,518	$ 5,770	$ 91,288	$ 3,196	$ 353	$ 3,549
2024	88,228	3,060	91,288	3,328	223	3,551
2025	7,547	263	7,810	6,297	88	6,385
Total	$ 181,293	$ 9,093	$ 190,386	$ 12,821	$ 664	$ 13,485

G. 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 calculating 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, 2022, the City's overall legal debt margin was $16,030,437 (including available funds of $9,470) and the unvoted debt margin was $11,136,215.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2022, the City contracted with the Ohio Plan for various types of insurance.

The coverage and deductible are as follows:

Type of Coverage	Deductible	Coverage
General Liability	$ 0	$5,000,000/$7,000,000
Employers Liability	0	5,000,000
Employee Benefits	0	5,000,000/7,000,000
Law Enforcement Officers Liability	5,000	5,000,000/7,000,000
Public Officials Liability	5,000	5,000,000/7,000,000
Automobile	500	5,000,000
Property	1,000	30,209,624
Special Property Coverage	1,000	2,363,976
Electronic Equipment/Media Coverage	1,000	250,159
Public Employee Dishonesty	100	100,000

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The City participates in the Ohio Municipal League's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Careworks provides administrative, cost controls, and actuarial services to the GRP.

C. Dental and Vision Self-Insurance

The City operates a self-insurance plan for dental and vision benefits. The activity of the plan is recorded in the City's general fund. The claims liability of $1,502 reported on the financial statements at December 31, 2022 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the claims liability amount for the last two years follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2022	$ 2,328	$ 32,229	$ (33,055)	$ 1,502
2021	729	38,425	(36,826)	2,328

D. Medical Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The City is a member of the JHP Health Benefits Program, a risk and cost saving pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of $142,989 reported in the internal service fund at December 31, 2022 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the last two years follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2022	$ 127,585	$ 1,094,456	$ (1,079,052)	$ 142,989
2021	78,075	1,300,504	(1,250,994)	127,585

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

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

The net pension 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 as an intergovernmental payable on both the accrual and modified accrual bases 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, 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.

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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	**Combined Plan Formula:**	**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	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	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%.

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
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 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 $278,226 for 2022. Of this amount, $42,463 is reported as an intergovernmental payable.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - City full-time police 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 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 2.50% 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was $337,276 for 2022. Of this amount, $25,052 is reported as intergovernmental payable.

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, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01159900%	0.01464700%	0.00204000%	0.05885280%	
Proportion of the net pension liability/asset current measurement date	0.01222300%	0.01587600%	0.00470500%	0.05253080%	
Change in proportionate share	0.00062400%	0.00122900%	0.00266500%	-0.00632200%	
Proportionate share of the net pension liability	$ 1,063,450	$ -	$ -	$ 3,281,821	$ 4,345,271
Proportionate share of the net pension asset	-	(62,552)	(854)	-	(63,406)
Pension expense	(95,455)	(2,257)	(137)	192,312	94,463

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 54,213	$ 388	$ 846	$ 94,625	$ 150,072
Changes of assumptions	132,984	3,141	25	599,776	735,926
Changes in employer's proportionate percentage/ difference between employer contributions	101,543	-	-	212,084	313,627
Contributions subsequent to the measurement date	274,122	873	3,231	337,276	615,502
Total deferred outflows of resources	$ 562,862	$ 4,402	$ 4,102	$ 1,243,761	$ 1,815,127

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 23,324	$ 6,995	$ -	$ 170,609	$ 200,928
Net difference between projected and actual earnings on pension plan investments	1,264,935	13,410	194	860,447	2,138,986
Changes in employer's proportionate percentage/ difference between employer contributions	1,800	-	-	390,310	392,110
Total deferred inflows of resources	$ 1,290,059	$ 20,405	$ 194	$ 1,421,366	$ 2,732,024

$615,502 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/increase to the net pension liability/asset in the year ending December 31, 2023.

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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2023	$ (91,115)	$ (4,112)	$ 84	$ (24,068)	$ (119,211)
2024	(411,547)	(5,679)	69	(270,730)	(687,887)
2025	(297,436)	(3,727)	74	(121,733)	(422,822)
2026	(201,221)	(2,756)	76	(118,376)	(322,277)
2027	-	(360)	105	20,026	19,771
Thereafter	-	(242)	269	-	27
Total	$ (1,001,319)	$ (16,876)	$ 677	$ (514,881)	$ (1,532,399)

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, 2021, 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, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	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	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of 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 a gain of 15.3% for 2021.

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, 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, 2021 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.

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 6.90%, 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 2,803,834	$ 1,063,450	$ (384,780)
Combined Plan	(46,675)	(62,552)	(74,935)
Member-Directed Plan	(753)	(854)	(941)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered 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, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%.

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

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
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

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, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.
* levered 2x

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 4,866,894	$ 3,281,821	$ 1,961,846

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, 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 became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements 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 2022, 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 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $1,293 for 2022. Of this amount, $197 is reported as intergovernmental payable.

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

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

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

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 2022, 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 $8,876 for 2022. Of this amount, $659 is reported as intergovernmental payable.

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, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01131000%	0.05885280%	
Proportion of the net OPEB liability/asset current measurement date	0.01202900%	0.05253080%	
Change in proportionate share	0.00071900%	-0.00632200%	
Proportionate share of the net OPEB liability	$ -	$ 575,783	$ 575,783
Proportionate share of the net OPEB asset	(376,767)	-	(376,767)
OPEB expense	(299,317)	43,634	(255,683)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 26,193	$ 26,193
Changes of assumptions	-	254,859	254,859
Changes in employer's proportionate percentage/ difference between employer contributions	25,117	73,791	98,908
Contributions subsequent to the measurement date	1,293	8,876	10,169
Total deferred outflows of resources	$ 26,410	$ 363,719	$ 390,129

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 57,150	$ 76,096	$ 133,246
Net difference between projected and actual earnings on OPEB plan investments	179,614	52,012	231,626
Changes of assumptions	152,512	66,875	219,387
Changes in employer's proportionate percentage/ difference between employer contributions	248	46,733	46,981
Total deferred inflows of resources	$ 389,524	$ 241,716	$ 631,240

$10,169 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/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2023	$ (219,645)	$ 35,523	$ (184,122)
2024	(79,723)	27,804	(51,919)
2025	(39,245)	27,937	(11,308)
2026	(25,794)	3,095	(22,699)
2027	-	11,265	11,265
Thereafter	-	7,503	7,503
Total	$ (364,407)	$ 113,127	$ (251,280)

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, 2020, rolled forward to the measurement date of 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	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

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 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 a gain of 14.3% for 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, 2021, these best estimates are summarized in the following table:

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

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) 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 1.84%. 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB 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 asset 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:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	$ 221,574	$ 376,767	$ 505,579

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

***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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. 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 the health care 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	$ 380,838	$ 376,767	$ 371,937

Actuarial Assumptions - OP&F

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

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

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

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, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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

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

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
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

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.

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.
* levered 2x

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

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

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 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 723,772	$ 575,783	$ 454,136

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 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts 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 the 35% street construction 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); and,

(d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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 the general fund and the 35% street construction fund.

Net Change in Fund Balance

	General fund	35% Street Construction fund
Budget basis	$ (137,896)	$ (72,104)
Net adjustment for revenue accruals	(569,309)	2,523
Net adjustment for expenditure accruals	(8,106)	82,926
Adjustment for financing sources (uses)	270,514	(1)
GAAP basis	$ (444,797)	$ 13,344

NOTE 17 - 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, 2022.

B. Litigation

The City is not party to legal proceedings which will have a material effect, if any, on the financial condition of the City.

NOTE 18 - 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	35% Street Construction	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	$ 13,631	$ 56,867	$ -	$ 130,203	$ 200,701
Prepaids	158,914	28,390	-	417	187,721
Assets held for resale	1,636,816	-	-	-	1,636,816
Total nonspendable	1,809,361	85,257	-	130,620	2,025,238
Restricted:					
Debt service	-	-	-	9,470	9,470
Transportation improvement projects	-	-	-	1,109,909	1,109,909
Mayor's court programs	-	-	-	13,826	13,826
Cemetery	-	-	-	44,582	44,582
Police programs	-	-	-	15,669	15,669
Other purposes	-	-	-	550,840	550,840
Total restricted	-	-	-	1,744,296	1,744,296
Committed:					
Capital projects	-	-	1,209,108	1,352	1,210,460
Transportation improvement projects	-	1,981,254	-	-	1,981,254
Total committed	-	1,981,254	1,209,108	1,352	3,191,714
Assigned:					
Subsequent year appropriations	259,982	-	-	-	259,982
Total assigned	259,982	-	-	-	259,982
Unassigned (deficit)	4,524,737	-	-	(6,419)	4,518,318
Total fund balances	$ 6,594,080	$ 2,066,511	$ 1,209,108	$ 1,869,849	$ 11,739,548

NOTE 19 - TAX ABATEMENTS

As of December 31, 2022, the City provides tax abatements through an income tax credit agreement and Community Reinvestment Area (CRA) programs. This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. As of December 31, 2022, there were no participants in the City's CRA programs.

Income Tax Credit Agreement - Under Ordinance No. 17-02 the City established an income tax abatement agreement with ES Consulting, Inc. Under the agreement, the City agrees to offer a tax credit to ES Consulting Inc. of 50% of their annual withholding taxes. This credit is reduced by any profit in ES Consulting Inc.'s business account. The agreement was established on January 4, 2017 and will remain in effect for ten years.

The City has entered into an agreement to abate income taxes through this program. During 2022, the City's income tax revenues were reduced as a result of this agreement as follows:

Tax Abatement Program	City Taxes Abated
Income tax abatement	$ 10,394

NOTE 20 - ASSET RETIREMENT OBLIGATIONS

The Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage system to the Ohio Environmental Protection Agency (Ohio EPA) for approval. Through this permitting process, the City would be responsible for addressing any public safety issues associated with their sewage system and the permit would specify the procedures required to dispose of all or part of the sewage system. Due to lack of specific legal requirements for retiring the sewage system, the City has determined that the asset retirement obligation cannot be reasonably estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, 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 NINE YEARS

	2022	2021	2020	2019
Traditional Plan:				
City's proportion of the net pension liability	0.012223%	0.011599%	0.011164%	0.011446%
City's proportionate share of the net pension liability	$ 1,063,450	$ 1,717,559	$ 2,206,640	$ 3,134,827
City's covered payroll	$ 1,862,100	$ 1,553,436	$ 1,547,943	$ 1,587,071
City's proportionate share of the net pension liability as a percentage of its covered payroll	57.11%	110.57%	142.55%	197.52%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
Combined Plan:				
City's proportion of the net pension asset	0.015876%	0.014647%	0.014294%	0.014687%
City's proportionate share of the net pension asset	$ 62,552	$ 42,281	$ 29,806	$ 16,423
City's covered payroll	$ 72,379	$ 64,550	$ 63,629	$ 62,814
City's proportionate share of the net pension asset as a percentage of its covered payroll	86.42%	65.50%	46.84%	26.15%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
Member Directed Plan:				
City's proportion of the net pension asset	0.004705%	0.002040%	0.001247%	0.001296%
City's proportionate share of the net pension asset	$ 854	$ 372	$ 47	$ 30
City's covered payroll	$ 29,500	$ 12,250	$ 7,410	$ 7,410
City's proportionate share of the net pension asset as a percentage of its covered payroll	2.89%	3.04%	0.63%	0.40%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

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

	2018	2017	2016	2015	2014
	0.011171%	0.011374%	0.011585%	0.011831%	0.011831%
	$ 1,752,512	$ 2,582,842	$ 2,006,668	$ 1,426,951	$ 1,394,721
	$ 1,501,631	$ 1,489,417	$ 1,469,617	$ 1,428,825	$ 1,255,554
	116.71%	173.41%	136.54%	99.87%	111.08%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.014650%	0.015349%	0.016420%	0.016101%	0.016101%
	$ 19,943	$ 8,543	$ 7,990	$ 6,199	$ 1,689
	$ 60,000	$ 59,750	$ 59,750	$ 58,858	$ -
	33.24%	14.30%	13.37%	10.53%	0.00%
	137.28%	116.55%	116.90%	114.83%	104.56%
	0.002586%	0.003163%	0.002453%	n/a	n/a
	$ 90	$ 13	$ 9	n/a	n/a
	$ 14,170	$ 16,421	$ 17,253	n/a	n/a
	0.64%	0.08%	0.05%	n/a	n/a
	124.46%	103.40%	103.91%	n/a	n/a

CITY OF ONTARIO, 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 NINE YEARS

	2022	2021	2020	2019
City's proportion of the net pension liability	0.05253080%	0.05885280%	0.05449360%	0.05643400%
City's proportionate share of the net pension liability	$ 3,281,821	$ 4,012,048	$ 3,670,980	$ 4,606,506
City's covered payroll	$ 1,631,032	$ 1,472,458	$ 1,424,700	$ 1,441,911
City's proportionate share of the net pension liability as a percentage of its covered payroll	201.21%	272.47%	257.67%	319.47%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

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

2018	2017	2016	2015	2014
0.05673700%	0.05383500%	0.05478600%	0.05414130%	0.05414130%
$ 3,482,235	$ 3,409,874	$ 3,524,435	$ 2,804,745	$ 2,636,851
$ 1,408,905	$ 1,279,863	$ 1,229,737	$ 1,185,121	$ 1,163,180
247.16%	266.42%	286.60%	236.66%	226.69%
70.91%	68.36%	66.77%	72.20%	73.00%

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019
Traditional Plan:				
Contractually required contribution	$ 274,122	$ 260,694	$ 217,481	$ 216,712
Contributions in relation to the contractually required contribution	(274,122)	(260,694)	(217,481)	(216,712)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,958,014	$ 1,862,100	$ 1,553,436	$ 1,547,943
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
Combined Plan:				
Contractually required contribution	$ 873	$ 10,133	$ 9,037	$ 8,908
Contributions in relation to the contractually required contribution	(873)	(10,133)	(9,037)	(8,908)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 6,236	$ 72,379	$ 64,550	$ 63,629
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
Member Directed Plan:				
Contractually required contribution	$ 3,232	$ 2,950	$ 1,225	$ 741
Contributions in relation to the contractually required contribution	(3,232)	(2,950)	(1,225)	(741)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 32,320	$ 29,500	$ 12,250	$ 7,410
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2015 for the City's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ 222,190	$ 195,212	$ 178,730	$ 176,354	$ 171,459	$ 163,222
(222,190)	(195,212)	(178,730)	(176,354)	(171,459)	(163,222)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,587,071	$ 1,501,631	$ 1,489,417	$ 1,469,617	$ 1,428,825	$ 1,255,554
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
$ 8,794	$ 7,800	$ 7,170	$ 7,170	$ 7,063	$ -
(8,794)	(7,800)	(7,170)	(7,170)	(7,063)	-
$ -	$ -	$ -	$ -	$ -	$ -
$ 62,814	$ 60,000	$ 59,750	$ 59,750	$ 58,858	$ -
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
$ 741	$ 1,417	$ 1,560	$ 1,639		
(741)	(1,417)	(1,560)	(1,639)		
$ -	$ -	$ -	$ -		
$ 7,410	$ 14,170	$ 13,000	$ 13,658		
10.00%	10.00%	12.00%	12.00%		

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019
Police:				
Contractually required contribution	$ 337,276	$ 309,896	$ 279,767	$ 270,693
Contributions in relation to the contractually required contribution	(337,276)	(309,896)	(279,767)	(270,693)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,775,137	$ 1,631,032	$ 1,472,458	$ 1,424,700
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	273,963	$	267,692	$	243,174	$	233,650	$	225,173	$	184,713
	(273,963)		(267,692)		(243,174)		(233,650)		(225,173)		(184,713)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,441,911	$	1,408,905	$	1,279,863	$	1,229,737	$	1,185,121	$	1,162,936
	19.00%		19.00%		19.00%		19.00%		19.00%		15.88%

CITY OF ONTARIO, 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 SIX YEARS

	2022	2021	2020	2019
City's proportion of the net OPEB liability/asset	0.012029%	0.011310%	0.010868%	0.011143%
City's proportionate share of the net OPEB liability/(asset)	$ (376,767)	$ (201,497)	$ 1,501,153	$ 1,452,784
City's covered payroll	$ 1,963,979	$ 1,630,236	$ 1,618,982	$ 1,657,295
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-19.18%	-12.36%	92.72%	87.66%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

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

	2018		2017
	0.010950%		0.011151%
$	1,189,089	$	1,126,314
$	1,575,801	$	1,565,588
	75.46%		71.94%
	54.14%		54.05%

CITY OF ONTARIO, 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 SIX YEARS

	2022	2021	2020	2019
City's proportion of the net OPEB liability	0.05253080%	0.05885280%	0.05449360%	0.05643400%
City's proportionate share of the net OPEB liability	$ 575,783	$ 623,555	$ 538,273	$ 513,918
City's covered payroll	$ 1,631,032	$ 1,472,458	$ 1,424,700	$ 1,441,911
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.30%	42.35%	37.78%	35.64%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

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

2018		2017	
	0.05673700%		0.05383500%
$	3,214,667	$	2,555,426
$	1,408,905	$	1,279,863
	228.17%		199.66%
	14.13%		15.96%

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 1,292	$ 1,180	$ 490	$ 296
Contributions in relation to the contractually required contribution	(1,292)	(1,180)	(490)	(296)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,996,570	$ 1,963,979	$ 1,630,236	$ 1,618,982
Contributions as a percentage of covered payroll	0.06%	0.06%	0.03%	0.02%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	296	$	16,183	$	31,722	$	30,587	$	14,505	$	12,556
	(296)		(16,183)		(31,722)		(30,587)		(14,505)		(12,556)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,657,295	$	1,575,801	$	1,562,167	$	1,543,025	$	1,487,683	$	1,255,554
	0.02%		1.03%		2.03%		1.98%		0.98%		1.00%

CITY OF ONTARIO, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019
Police:				
Contractually required contribution	$ 8,876	$ 8,155	$ 7,362	$ 7,124
Contributions in relation to the contractually required contribution	(8,876)	(8,155)	(7,362)	(7,124)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,775,137	$ 1,631,032	$ 1,472,458	$ 1,424,700
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ 7,210	$ 7,045	$ 6,399	$ 6,315	$ 60,021	$ 41,020
(7,210)	(7,045)	(6,399)	(6,315)	(60,021)	(41,020)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,441,911	$ 1,408,905	$ 1,279,863	$ 1,229,737	$ 1,185,121	$ 1,162,936
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- 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.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 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.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

PENSION

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.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- 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.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, 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 8.25% 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.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

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.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 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.
- There were no changes in benefit terms from the amounts reported for 2022.

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 10.00%, 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.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

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.
- There were no changes in benefit terms from the amounts reported for 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.
- There were no changes in benefit terms from the amounts reported for 2022.

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 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%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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

Honorable Mayor and the City Council
City of Ontario

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2023. We noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, Leases.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of This Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 9, 2023

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF ONTARIO

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/13/2023

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