OHIO AUDITOR OF STATE
KEITH FABER

CITY OF HARRISON
HAMILTON COUNTY
DECEMBER 31, 2023

TABLE OF CONTENTS

CITY OF HARRISON
HAMILTON COUNTY
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TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Harrison
Hamilton County
300 George Street
Cincinnati, Ohio 45030

To the Council Members:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Harrison, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the City made corrections to capital assets as part of its system migration. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
November 19, 2024

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The discussion and analysis of the City of Harrison, Ohio's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the 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 the year ended December 31, 2023 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $50,445,196.
- The City's total net position increased during the year by $9,038,771, or 22%.
- Governmental activities unrestricted net position was in a deficit of $4,097,707, primarily attributable to the City's recognition of its proportionate share of net pension and other postemployment benefit (OPEB) liabilities.
- The City's total expenses were $19,822,378, an increase of $3,112,428.
- Program revenues of $15,250,030 reduced the net cost of the City's functions to be financed from the City's general revenues to $4,572,348.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City as a financial whole. 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 whole City, presenting both an aggregated view of the City's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these financial statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

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 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of its capital assets. In the Statement of Net Position and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's services are reported here including police and fire protection, parks and recreation, street repair and maintenance, and general government.

- Business-Type Activities – These activities include the water, sewer, storm water, sanitation and water/wastewater deposits operations where the fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Street, Fire Improvement, Capital Improvement, Water and Sewer funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

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

Proprietary Funds

The City maintains one type of proprietary funds; enterprise 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, sewer, storm water, sanitation and water/wastewater deposit management functions. The City charges citizens for the services it provides, with the intent of recouping operating costs.

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. Custodial funds are the only fiduciary fund type used by the City.

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. In the case of the City of Harrison, Ohio, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of $50.4 million at December 31, 2023.

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

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	*Restated* 2022	2023	*Restated* 2022	2023	2022
Current and other assets	$ 22,455,325	$ 20,557,127	$ 17,405,371	$ 16,576,202	$ 39,860,696	$ 37,133,329
Capital assets	28,923,955	24,166,097	38,048,786	37,144,999	66,972,741	61,311,096
Total assets	51,379,280	44,723,224	55,454,157	53,721,201	106,833,437	98,444,425
Deferred outflows of resources	7,302,584	4,737,845	1,034,582	505,034	8,337,166	5,242,879
Long-term liabilities:						
Net pension liability	18,259,137	10,984,536	1,600,584	455,669	19,859,721	11,440,205
Net OPEB liability	1,225,916	1,786,295	37,621	-	1,263,537	1,786,295
Other long-term liabilities	7,812,019	7,662,803	25,578,327	27,401,561	33,390,346	35,064,364
Other liabilities	1,632,028	2,098,725	1,049,590	742,760	2,681,618	2,841,485
Total liabilities	28,929,100	22,532,359	28,266,122	28,599,990	57,195,222	51,132,349
Deferred inflows of resources	7,517,777	10,407,839	12,408	740,691	7,530,185	11,148,530
Net position:						
Net investment in capital assets	22,259,191	17,513,199	17,779,240	15,169,887	40,038,431	32,683,086
Restricted	4,073,503	3,305,653	-	-	4,073,503	3,305,653
Unrestricted (deficit)	(4,097,707)	(4,297,981)	10,430,969	9,715,667	6,333,262	5,417,686
Total net position	$ 22,234,987	$ 16,520,871	$ 28,210,209	$ 24,885,554	$ 50,445,196	$ 41,406,425

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

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB Statement No. 68 and GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) 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 Statement No. 68 and GASB Statement No. 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 and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As displayed in Table 1, total net position of the City increased by $9,038,771 from 2022 to 2023. Total assets increased by 8.5%, while total liabilities increased by 11.9%.

The increase in assets was primarily in cash, property taxes receivable and capital assets. The City continued to experience positive operating results in 2023 that benefited many of the City's funds. The increase in property taxes receivable was attributable to increases in property valuations as a result from a county-wide reappraisal and new property developments. The City continued to invest in its capital assets, including improvements to roads and utility facilities and purchase of equipment.

The increase in liabilities was attributable to the City's increase in net pension liability. The increase in the net pension liability was primarily due to the decrease in the value of investment portfolios managed by the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F), both of which experienced significant investment losses during the measurement periods, as compared to double-digit gains in the prior year. The total increase was partially offset by decreases in the City's long-term debt, as the City continued to satisfy its debt service requirements.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 63% of total assets. Capital assets include land, construction in progress, land improvements, building and improvements, equipment, vehicles and infrastructure. 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 debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. The deficit balance reported in governmental activities is attributable to the recognition of the City's proportionate share of net pension and OPEB liabilities in accordance with GASB Statement Nos. 68 and 75. If the net pension and OPEB liabilities and related deferrals were excluded, the unrestricted net position for governmental activities would be a positive $10,206,047. As the operation of the state-wide retirement systems are outside the control of the City and varies significantly from year to year based on the performance of investments, it's important to acknowledge the significant impact the recognition of net pension and OPEB liabilities have on the City's reported net position.

Table 2 shows the changes in the governmental and business-type net position for the year ended December 31, 2023 compared with the prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	*Restated* 2022	2023	*Restated* 2022	2023	*Restated* 2022
Program revenues:						
Charges for services	$ 1,991,957	$ 2,294,786	$ 8,535,284	$ 8,605,317	$ 10,527,241	$ 10,900,103
Operating grants and contributions	1,778,879	1,228,763	8,229	46,754	1,787,108	1,275,517
Capital grants and contributions	2,923,661	789,535	12,020	-	2,935,681	789,535
Total program revenues	6,694,497	4,313,084	8,555,533	8,652,071	15,250,030	12,965,155
General revenues:						
Income taxes	5,894,384	5,299,147	-	-	5,894,384	5,299,147
Property and other taxes	5,146,545	5,049,905	-	-	5,146,545	5,049,905
Grants and contributions not restricted to specific programs	819,533	919,620	-	-	819,533	919,620
Investment earnings	1,148,622	248,425	267,294	33,089	1,415,916	281,514
Miscellaneous	258,621	227,401	76,120	156,003	334,741	383,404
Total general revenues	13,267,705	11,744,498	343,414	189,092	13,611,119	11,933,590
Total revenues	19,962,202	16,057,582	8,898,947	8,841,163	28,861,149	24,898,745
Expenses:						
Security of persons and property	10,225,357	8,283,027	-	-	10,225,357	8,283,027
Public health services	289,917	299,361	-	-	289,917	299,361
Leisure time activities	283,427	184,535	-	-	283,427	184,535
Community and economic development	354,636	281,783	-	-	354,636	281,783
Transportation	1,464,614	1,415,774	-	-	1,464,614	1,415,774
General government	1,383,148	1,020,386	-	-	1,383,148	1,020,386
Interest on long-term debt	96,888	82,837	-	-	96,888	82,837
Water	-	-	2,056,708	1,844,395	2,056,708	1,844,395
Sewer	-	-	2,935,793	2,632,102	2,935,793	2,632,102
Storm water	-	-	52,685	48,322	52,685	48,322
Water/wastewater deposit	-	-	7,274	7,989	7,274	7,989
Sanitation	-	-	671,931	609,439	671,931	609,439
Total expenses	14,097,987	11,567,703	5,724,391	5,142,247	19,822,378	16,709,950
Excess (deficiency) before transfers	5,864,215	4,489,879	3,174,556	3,698,916	9,038,771	8,188,795
Transfers	(150,099)	35,000	150,099	(35,000)	-	-
Change in net position	5,714,116	4,524,879	3,324,655	3,663,916	9,038,771	8,188,795
Beginning net position	16,520,871	11,995,992	24,885,554	21,221,638	41,406,425	33,217,630
Ending net position	$ 22,234,987	$ 16,520,871	$ 28,210,209	$ 24,885,554	$ 50,445,196	$ 41,406,425

Governmental Activities

Total governmental activities revenue increased by $3,904,620, or 24%. The increase was driven by capital grant funding from the Ohio Public Works Commission and Ohio Department of Transportation for several roadway and bridge improvements. Also contributing to the increase were growth in income taxes, as the local economy continued to show improvement, and investment earnings, as the City's investment holdings experienced higher interest rates.

Total governmental activities expenses increased by $2,530,284, or 22%. Virtually all of the City's functions, except for public health services, experienced increases. Approximately 71% of the increase was due to an increase in pension and OPEB expenses. The financial performance of the state-wide retirement systems can vary significantly between years due to investment market fluctuations, changes in assumptions and differences between actuarial assumptions and actual results, all of which are beyond the control of the City's management. The other sources of expense growth were due to wage increases for all personnel, increased overtime, due to many special events held over the summer, and general inflationary increases for fuel, utilities and maintenance and repair of vehicles.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and operating and capital grants offsetting those services. The net cost of services identifies the cost of those services supported by income and property taxes revenues and unrestricted intergovernmental revenue.

Table 3
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Security of persons and property	$ 10,225,357	$ 8,685,083	$ 8,283,027	$ 6,926,640
Public health services	289,917	136,151	299,361	95,332
Leisure time activities	283,427	202,104	184,535	22,198
Community and economic development	354,636	152,001	281,783	(140,844)
Transportation	1,464,614	(2,325,009)	1,415,774	(136,493)
General government	1,383,148	456,272	1,020,386	404,949
Interest on long-term debt	96,888	96,888	82,837	82,837
Total cost of services	$ 14,097,987	$ 7,403,490	$ 11,567,703	$ 7,254,619

It should be noted that 47% of the cost of services for governmental activities are derived from program revenues, including charges for services and operating and capital grants. As shown by the total net costs of $7,403,490, the majority of the City's programs are funded by general revenues. A significant portion of the total general revenues consists of income and property taxes.

Business-Type Activities

The City's major business-type activities include water and sewer operations. The utility operations experienced growth during 2023, with the Water Fund reporting operating income of $773,571 and the Sewer Fund reporting operating income of $2,652,302. The total increase in net position of $3,324,655 was lower than prior year's increase of $3,663,916, due to increases in expenses in both water and sewer operations, and due to increases in supplies and maintenance.

The City's Funds

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of $19.8 million, expenditures of $18.6 million, and net other financing sources of $0.8 million. During 2023, total fund balance of the governmental funds increased by approximately $2.0 million to a total fund balance at year-end of $13.9 million. While capital assets are included in the statement of net position, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's General Fund experienced an increase in fund balance during 2023 of $1,273,251. The General Fund is the primary fund that finances government services to citizens. The increase in fund balance was $560,858 lower than the prior year's increase of $1,834,109. This was due the combination of the winding down of pandemic-related grant funding that was used to subsidize certain public safety and health costs and the increased salary and general inflationary costs previously discussed.

The Street Fund experienced an increase of $353,859 during 2023. This fund is used to account for state gasoline and motor vehicle license taxes received to improve and maintain the City's streets. During 2023, the City started construction work on Campbell Road and the Dry Fork Bridge Corridor.

The Fire Improvement Fund increased by $253,183, lower from the prior year, due to hiring additional personnel and salary increases.

The Capital Improvement Fund experienced a decrease of $99,913 during 2023, as the City continued work on several infrastructure projects, including completion on the Park Avenue reconstruction and construction on the West Road overpass.

Explanation of the changes in the major enterprise funds of the City follow the same explanations as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the City-wide statements.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, Council reviews the budgets of each department within the General Fund and other funds, and then adopts the budget. The legal level of budgetary control is at the object level. During 2023, the City amended its original budgetary amounts several times as certain information became known. Within each departmental budget, the Finance Director may make small line-item adjustments within the budget, as long as the total operational and maintenance amount does not exceed their budgetary allotment.

The final budget for estimated revenues increased 17% from the original budget to account for better investment returns and higher than anticipated income tax collections. Actual revenues came in approximately $0.2 million higher than budgeted, as interest earnings were above estimates.

The final budget for expenditures was higher from the original budget, increasing by 9% due to higher public safety costs and capital improvements. Due to the City's continuing efforts to monitor and control expenditures, actual budgetary expenditures came in approximately $0.1 million less than the final budget for 2023.

Capital Assets

At the end of fiscal year 2023, the City had a total of $106.5 million invested in capital assets, less accumulated depreciation of $39.5 million, resulting in total capital assets, net of accumulated depreciation, of $67.0 million. The City continued its efforts to upgrade its capital assets during 2023. The City completed Park Avenue improvements and water filtration system, while construction was ongoing on the West Road overpass, Dry Fork Bridge Corridor, water softening improvements, water chemical room upgrades and Edgewood Road sewer project.

The City restated beginning capital asset balances as part if its migration of capital asset records into the new system.

Table 4 shows 2023 balances compared to those of 2022:

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	*Restated* 2022	2023	*Restated* 2022	2023	*Restated* 2022
Land	$ 3,015,891	$ 3,015,891	$ 485,420	$ 485,420	$ 3,501,311	$ 3,501,311
Construction in progress	3,416,720	1,172,634	9,072,982	8,500,344	12,489,702	9,672,978
Buildings and improvements	1,576,029	1,447,240	4,336,535	4,522,773	5,912,564	5,970,013
Furniture and equipment	1,069,733	494,891	603,069	673,685	1,672,802	1,168,576
Vehicles	1,285,401	1,341,277	465,380	511,404	1,750,781	1,852,681
Infrastructure	18,560,181	16,694,164	23,085,400	22,451,373	41,645,581	39,145,537
Totals	$ 28,923,955	$ 24,166,097	$ 38,048,786	$ 37,144,999	$ 66,972,741	$ 61,311,096

Additional information on the City's capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

At December 31, 2023, the City had a total of $31.8 million of long-term debt obligations compared with $33.6 million reported at December 31, 2022. Table 5 shows outstanding debt obligations of the City at December 31, 2023 compared with 2022:

Table 5

Outstanding Long-term Debt Obligations at Year end

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	$ 2,275,000	$ 2,490,000	$ 10,125,000	$ 10,730,000	$ 12,400,000	$ 13,220,000
Promissory Notes	181,917	257,570	-	-	181,917	257,570
Lease-Purchase Obligations	595,554	796,344	106,756	211,211	702,310	1,007,555
OPWC Loans	3,518,652	2,973,669	484,898	598,236	4,003,550	3,571,905
OWDA Loans	-	-	14,541,545	15,527,308	14,541,545	15,527,308
Total	$ 6,571,123	$ 6,517,583	$ 25,258,199	$ 27,066,755	$ 31,829,322	$ 33,584,338

Of the City's general obligation bonds outstanding at December 31, 2023, $2.3 million are accounted for within the governmental activities and the remaining $10.1 million are reported in the Sewer Fund.

OPWC loans represent interest-free loans from the State of Ohio and are paid from general revenues of the General Fund and from charges for services in the Sewer and Storm Water Funds. The OWDA loans outstanding at year-end are associated with the City's Water enterprise fund and are paid with the revenue sources of that fund.

During 2023, the City issued $0.8 million in OWDA loans and $0.8 in OPWC loans.

See Note 12 of the notes to the basic financial statements for more detailed information on the debt obligations of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, 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 the Finance Department at City of Harrison, Ohio, 300 George Street, Harrison, Ohio 45030.

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CITY OF HARRISON, OHIO
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and investments	$ 13,361,315	$ 11,127,697	$ 24,489,012
Cash in segregated accounts	30,086	-	30,086
Receivables:			
Property and other taxes	5,095,713	-	5,095,713
Payment in lieu of taxes	808,397	-	808,397
Income taxes	1,624,134	-	1,624,134
Accounts	259,497	939,327	1,198,824
Intergovernmental	1,130,888	12,020	1,142,908
Prepaid items	135,679	46,878	182,557
Materials and supplies inventory	9,616	121,802	131,418
Restricted cash and investments	-	5,157,647	5,157,647
Non-depreciable capital assets	6,432,611	9,558,402	15,991,013
Depreciable capital assets, net	22,491,344	28,490,384	50,981,728
Total assets	51,379,280	55,454,157	106,833,437
Deferred Outflows of Resources			
Deferred loss on refunding	-	230,893	230,893
Pensions	6,216,474	685,422	6,901,896
OPEB	1,086,110	118,267	1,204,377
Total deferred outflows of resources	7,302,584	1,034,582	8,337,166
Liabilities			
Accounts payable	356,276	406,653	762,929
Retainage payable	17,709	399,887	417,596
Accrued salaries	772,445	103,249	875,694
Intergovernmental payable	250,900	17,317	268,217
Accrued interest payable	12,499	122,484	134,983
Unearned revenue	222,199	-	222,199
Long-term liabilities:			
Due within one year	1,005,519	2,781,301	3,786,820
Due more than one year:			
Net pension liability	18,259,137	1,600,584	19,859,721
Net OPEB liability	1,225,916	37,621	1,263,537
Other long-term amounts due more than one year	6,806,500	22,797,026	29,603,526
Total liabilities	28,929,100	28,266,122	57,195,222
Deferred Inflows of Resources			
Deferred gain on refunding	35,292	-	35,292
Property taxes and payment in lieu of taxes levied for next year	5,361,200	-	5,361,200
Pensions	878,163	-	878,163
OPEB	1,243,122	12,408	1,255,530
Total deferred inflows of resources	7,517,777	12,408	7,530,185
Net Position			
Net investment in capital assets	22,259,191	17,779,240	40,038,431
Restricted for:			
Capital projects	1,009,815	-	1,009,815
Debt service	37,110	-	37,110
Streets and highways	931,499	-	931,499
Recreation	989,815	-	989,815
Public safety	1,061,532	-	1,061,532
Other purposes	43,732	-	43,732
Unrestricted (deficit)	(4,097,707)	10,430,969	6,333,262
Total net position	$ 22,234,987	$ 28,210,209	$ 50,445,196

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Activities
Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Security of persons and property	$ 10,225,357	$ 1,370,650	$ 169,624	$ -	$ (8,685,083)	$ -	$ (8,685,083)
Public health services	289,917	135,939	17,827	-	(136,151)	-	(136,151)
Leisure time activities	283,427	76,073	5,250	-	(202,104)	-	(202,104)
Community and economic development	354,636	202,635	-	-	(152,001)	-	(152,001)
Transportation	1,464,614	1,380	864,582	2,923,661	2,325,009	-	2,325,009
General government	1,383,148	205,280	721,596	-	(456,272)	-	(456,272)
Interest on long-term debt	96,888	-	-	-	(96,888)	-	(96,888)
Total governmental activities	14,097,987	1,991,957	1,778,879	2,923,661	(7,403,490)	-	(7,403,490)
Business-type activities:							
Water	2,056,708	2,626,943	8,229	12,020	-	590,484	590,484
Sewer	2,935,793	5,084,456	-	-	-	2,148,663	2,148,663
Other business-type activities:							
Storm Water	52,685	148,399	-	-	-	95,714	95,714
Water/Wastewater deposit	7,274	-	-	-	-	(7,274)	(7,274)
Sanitation	671,931	675,486	-	-	-	3,555	3,555
Total business-type activities	5,724,391	8,535,284	8,229	12,020	-	2,831,142	2,831,142
Total	$ 19,822,378	$ 10,527,241	$ 1,787,108	$ 2,935,681	(7,403,490)	2,831,142	(4,572,348)
General revenues:							
Income taxes levied for general purposes					5,894,384	-	5,894,384
Property taxes levied for:							
General purposes					1,658,776	-	1,658,776
Fire improvements					2,566,087	-	2,566,087
Police pension					99,971	-	99,971
Recreation					5,250	-	5,250
Capital projects					130,239	-	130,239
Payments in lieu of taxes					686,222	-	686,222
Grants and contributions not restricted to specific programs					819,533	-	819,533
Investment earnings					1,148,622	267,294	1,415,916
Miscellaneous					258,621	76,120	334,741
Transfers					(150,099)	150,099	-
Total general revenues and transfers					13,117,606	493,513	13,611,119
Change in net position					5,714,116	3,324,655	9,038,771
Net position beginning of year, *restated*					16,520,871	24,885,554	41,406,425
Net position end of year					$ 22,234,987	$ 28,210,209	$ 50,445,196

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Balance Sheet
Governmental Funds
December 31, 2023

	General	Street	Fire Improvement	Capital Improvement	Nonmajor Governmental Funds
Assets					
Equity in pooled cash and investments	$ 8,240,996	$ 438,078	$ 1,154,698	$ 206,927	$ 3,320,616
Cash in segregated accounts	12,696	-	-	-	17,390
Receivables:					
Property and other taxes	2,340,159	-	2,604,912	28,676	121,966
Payment in lieu of taxes	-	-	-	-	808,397
Income taxes	1,624,134	-	-	-	-
Accounts	31,832	80,840	101,880	-	44,945
Intergovernmental	230,488	764,763	106,300	-	29,337
Prepaid items	55,733	11,081	58,053	-	10,812
Materials and supplies inventory	-	9,616	-	-	-
Total assets	$ 12,536,038	$ 1,304,378	$ 4,025,843	$ 235,603	$ 4,353,463
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 107,276	$ 219,134	$ 10,266	$ -	$ 19,600
Retainage payable	-	17,709	-	-	-
Accrued salaries	371,571	81,516	304,745	-	14,613
Intergovernmental payable	171,315	8,683	66,708	-	4,194
Unearned revenue	-	-	-	-	222,199
Total liabilities	650,162	327,042	381,719	-	260,606
Deferred Inflows of Resources					
Property taxes and payment in lieu of taxes levied for next year	2,084,400	-	2,425,500	-	851,300
Unavailable revenue	964,947	231,648	283,877	-	101,007
Total deferred inflows of resources	3,049,347	231,648	2,709,377	-	952,307
Fund balances					
Nonspendable	55,733	20,697	58,053	-	10,812
Restricted	-	724,991	876,694	-	2,363,906
Committed	776,769	-	-	235,603	-
Assigned	232,691	-	-	-	765,832
Unassigned	7,771,336	-	-	-	-
Total fund balances	8,836,529	745,688	934,747	235,603	3,140,550
Total liabilities, deferred inflows of resources and fund balances	$ 12,536,038	$ 1,304,378	$ 4,025,843	$ 235,603	$ 4,353,463

See accompanying notes to the basic financial statements.

Total Governmental Funds
$ 13,361,315
30,086
5,095,713
808,397
1,624,134
259,497
1,130,888
135,679
9,616
$ 22,455,325
$ 356,276
17,709
772,445
250,900
222,199
1,619,529
5,361,200
1,581,479
6,942,679
145,295
3,965,591
1,012,372
998,523
7,771,336
13,893,117
$ 22,455,325

CITY OF HARRISON, OHIO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023

Total governmental fund balances		$ 13,893,117
Amounts reported for governmental activities in the statement of net position are are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		28,923,955
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.		1,581,479
In the statement of net position, interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest is accrued when due.		(12,499)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(2,315,640)	
OPWC loan payable	(3,518,652)	
Lease-purchase obligations	(595,554)	
Promissory notes	(181,917)	
Compensated absences payable	(1,200,256)	(7,812,019)
Governmental funds report the effect of bond refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(35,292)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred outflows and inflows of resources are not reported in governmental funds:		
Deferred outflows - pensions	6,216,474	
Deferred inflows - pensions	(878,163)	
Net pension liability	(18,259,137)	
Deferred outflows - OPEB	1,086,110	
Deferred inflows - OPEB	(1,243,122)	
Net OPEB liability	(1,225,916)	(14,303,754)
Net position of governmental activities		$ 22,234,987

CITY OF HARRISON, OHIO
Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	General	Street	Fire Improvement	Capital Improvement	Nonmajor Governmental Funds
Revenues					
Property and other taxes	$ 1,604,477	$ -	$ 2,487,472	$ 130,239	$ 102,407
Income taxes	5,926,131	-	-	-	-
Payment in lieu of taxes	-	-	-	-	641,074
Intergovernmental	579,089	1,364,221	339,166	2,063,870	1,106,679
Charges for services	133,621	1,380	1,187,862	-	150,573
Fines, costs and forfeitures	134,930	-	-	-	32,196
Licenses, permits and inspections	262,027	-	1,500	-	-
Special assessments	-	-	-	-	4,965
Interest	1,148,622	-	-	-	-
Contributions	52,076	-	2,442	-	42,903
Other	119,948	112,813	25,860	-	-
Total revenues	9,960,921	1,478,414	4,044,302	2,194,109	2,080,797
Expenditures					
Current:					
Security of persons and property	3,804,936	-	4,691,204	-	23,043
Public health services	-	-	-	-	280,049
Leisure time activities	127,131	-	-	-	141,750
Community and economic development	339,906	-	-	-	-
Transportation	-	1,659,107	-	-	34,481
General government	1,212,006	-	-	-	397,980
Capital outlay	235,298	7,236	154,595	3,259,617	1,374,084
Debt Service:					
Principal retirement	200,330	48,183	165,077	128,007	165,000
Interest and fiscal charges	14,463	5,029	23,843	6,535	57,238
Total expenditures	5,934,070	1,719,555	5,034,719	3,394,159	2,473,625
Excess (deficiency) of revenues over (under) expenditures	4,026,851	(241,141)	(990,417)	(1,200,050)	(392,828)
Other financing sources (uses)					
Transfers in	90,000	600,000	1,323,600	340,000	620,000
Transfers out	(2,843,600)	(5,000)	(80,000)	-	(10,000)
Issuance of OPWC loans	-	-	-	760,137	-
Total other financing sources (uses)	(2,753,600)	595,000	1,243,600	1,100,137	610,000
Net change in fund balances	1,273,251	353,859	253,183	(99,913)	217,172
Fund balance, beginning of year	7,563,278	391,829	681,564	335,516	2,923,378
Fund balance, end of year	$ 8,836,529	$ 745,688	$ 934,747	$ 235,603	$ 3,140,550

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

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

Total Governmental Funds
$ 4,324,595
5,926,131
641,074
5,453,025
1,473,436
167,126
263,527
4,965
1,148,622
97,421
258,621
19,758,543
8,519,183
280,049
268,881
339,906
1,693,588
1,609,986
5,030,830
706,597
107,108
18,556,128
1,202,415
2,973,600
(2,938,600)
760,137
795,137
1,997,552
11,895,565
$ 13,893,117

Net change in fund balances - total governmental funds	$ 1,997,552
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset additions	5,670,473
Depreciation expense	(899,529)
In the statement of activities, gain or loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.	(13,086)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are unavailable.	203,659
Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated absences	(99,428)
Interest on long-term debt	3,260
Amortization of bond premiums	3,752
Amortization of deferred gain on refunding	3,208
Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, theses amounts consisted of general obligation bonds, OPWC loans, and leases.	706,597
Long-term debt proceeds are recorded as other financing sources in the governmental funds as other financing sources, but are reported as increases of long-term liabilities in the statement of net position.	(760,137)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pensions	1,323,101
OPEB	34,516
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities:	
Pensions	(2,427,822)
OPEB	(32,000)
Change in net position of governmental activities	$ 5,714,116

CITY OF HARRISON, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property and other taxes	$ 1,794,400	$ 1,605,400	$ 1,604,477	$ (923)
Income taxes	5,160,000	5,910,000	5,913,052	3,052
Intergovernmental	351,700	454,200	486,506	32,306
Charges for services	105,500	105,500	115,085	9,585
Fines, costs and forfeitures	120,000	120,000	134,171	14,171
Licenses, permits and inspections	475,000	275,000	283,359	8,359
Interest	100,000	1,000,000	1,148,622	148,622
Contributions	5,000	56,741	25,313	(31,428)
Other	69,000	69,000	91,138	22,138
Total revenues	8,180,600	9,595,841	9,801,723	205,882
Expenditures				
Current:				
General government	1,071,965	1,098,788	1,292,711	(193,923)
Security of persons and property	3,797,358	3,905,721	3,751,954	153,767
Community and economic development	421,260	457,560	352,550	105,010
Leisure time activity	54,509	61,609	53,955	7,654
Capital outlay	57,309	322,532	285,292	37,240
Debt service	121,200	149,700	149,284	416
Total expenditures	5,523,601	5,995,910	5,885,746	110,164
Excess of revenues over expenditures	2,656,999	3,599,931	3,915,977	316,046
Other financing uses				
Transfers out	(2,638,100)	(3,068,100)	(2,897,100)	171,000
Net change in fund balance	18,899	531,831	1,018,877	$ 487,046
Fund balance, beginning of year, *restated*	5,063,841	5,063,841	5,063,841	
Prior year encumbrances appropriated	57,800	57,800	57,800	
Fund balance, end of year	$ 5,140,540	$ 5,653,472	$ 6,140,518	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis
Street Fund - Major Special Revenue Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Intergovernmental	$ 702,000	$ 1,937,000	$ 938,944	$ (998,056)
Charges for services	5,000	5,000	2,820	(2,180)
Licenses, permits and inspections	100	100	-	(100)
Other	-	304,000	33,723	(270,277)
Total revenues	707,100	2,246,100	975,487	(1,270,613)
Expenditures				
Current:				
Transportation	1,139,138	2,183,638	1,807,002	376,636
Capital outlay	39,233	42,233	41,950	283
Debt service	53,212	53,212	53,212	-
Total expenditures	1,231,583	2,279,083	1,902,164	376,919
Excess expenditures over revenues	(524,483)	(32,983)	(926,677)	(893,694)
Other financing sources (uses)				
Transfers in	450,000	450,000	600,000	150,000
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	445,000	445,000	595,000	150,000
Net change in fund balance	(79,483)	412,017	(331,677)	$ (743,694)
Fund balance, beginning of year	249,774	249,774	249,774	
Prior year encumbrances appropriated	92,183	92,183	92,183	
Fund balance, end of year	$ 262,474	$ 753,974	$ 10,280	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis
Fire Improvement Fund - Major Special Revenue Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property and other taxes	$ 2,495,600	$ 2,484,800	$ 2,487,472	$ 2,672
Intergovernmental	211,100	312,800	337,788	24,988
Charges for services	862,600	1,125,600	1,169,703	44,103
Licenses, permits and inspections	500	500	1,575	1,075
Contributions	-	31,543	1,442	(30,101)
Other	2,500	7,500	24,374	16,874
Total revenues	3,572,300	3,962,743	4,022,354	59,611
Expenditures				
Current:				
Security of persons and property	4,592,352	4,807,787	4,739,610	68,177
Capital outlay	69,000	193,000	161,595	31,405
Debt service	188,920	188,920	188,920	-
Total expenditures	4,850,272	5,189,707	5,090,125	99,582
Excess expenditures over revenues	(1,277,972)	(1,226,964)	(1,067,771)	159,193
Other financing sources (uses)				
Transfers in	1,323,300	1,323,600	1,323,600	-
Transfers out	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	1,243,300	1,243,600	1,243,600	-
Net change in fund balance	(34,672)	16,636	175,829	$ 159,193
Fund balance, beginning of year	659,803	659,803	659,803	
Prior year encumbrances appropriated	39,572	39,572	39,572	
Fund balance, end of year	$ 664,703	$ 716,011	$ 875,204	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
Assets				
Current assets:				
Equity in pooled cash and investments	$ 2,278,254	$ 8,267,269	$ 582,174	$ 11,127,697
Receivables:				
Accounts	324,614	518,010	96,703	939,327
Intergovernmental	12,020	-	-	12,020
Prepaid items	16,223	30,655	-	46,878
Materials and supplies inventory	119,026	2,776	-	121,802
Total current assets	2,750,137	8,818,710	678,877	12,247,724
Noncurrent assets:				
Restricted cash and investments	-	5,157,647	-	5,157,647
Non-depreciable capital assets	8,673,984	884,418	-	9,558,402
Depreciable capital assets, net	10,331,466	16,629,196	1,529,722	28,490,384
Total noncurrent assets	19,005,450	22,671,261	1,529,722	43,206,433
Total assets	21,755,587	31,489,971	2,208,599	55,454,157
Deferred outflows of resources				
Deferred charge on refunding	-	230,893	-	230,893
Pensions	282,463	402,959	-	685,422
OPEB	49,030	69,237	-	118,267
Total deferred outflows of resources	331,493	703,089	-	1,034,582
Liabilities				
Current liabilities:				
Accounts payable	191,902	158,582	56,169	406,653
Retainage payable	307,844	92,043	-	399,887
Accrued salaries	39,692	63,557	-	103,249
Intergovernmental payable	6,649	10,668	-	17,317
Accrued interest payable	46,628	75,856	-	122,484
Compensated absences payable, current portion of	17,992	29,020	-	47,012
Lease-purchase obligations, current portion of	-	106,756	-	106,756
General obligation bonds payable, current portion of	-	650,000	-	650,000
OPWC loans payable, current portion of	-	92,308	21,030	113,338
OWDA loans payable, current portion of	721,819	1,142,376	-	1,864,195
Total current liabilities	1,332,526	2,421,166	77,199	3,830,891
Long-term liabilities:				
General obligation bonds payable, net of current portion	-	9,475,000	-	9,475,000
OPWC loans payable, net of current portion	-	276,925	94,635	371,560
OWDA loans payable, net of current portion	7,915,412	4,761,938	-	12,677,350
Compensated absences payable, net of current portion	91,879	181,237	-	273,116
Net pension liability	664,723	935,861	-	1,600,584
Net OPEB liability	15,624	21,997	-	37,621
Total long-term liabilities	8,687,638	15,652,958	94,635	24,435,231
Total liabilities	10,020,164	18,074,124	171,834	28,266,122
Deferred inflows of resources				
OPEB	5,153	7,255	-	12,408
Net Position				
Net investment in capital assets	10,060,375	6,304,808	1,414,057	17,779,240
Unrestricted	2,001,388	7,806,873	622,708	10,430,969
Total net position	$ 12,061,763	$ 14,111,681	$ 2,036,765	$ 28,210,209

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
Operating revenues				
Charges for services	$ 2,626,943	$ 5,084,456	$ 823,885	$ 8,535,284
Other	75,694	426	-	76,120
Total operating revenues	2,702,637	5,084,882	823,885	8,611,404
Operating expenses				
Personnel services	592,701	917,507	-	1,510,208
Contractual services	430,660	413,583	681,860	1,526,103
Supplies and materials	521,531	221,325	6,748	749,604
Other	-	261,600	-	261,600
Depreciation	384,174	618,565	43,282	1,046,021
Total operating expenses	1,929,066	2,432,580	731,890	5,093,536
Operating income	773,571	2,652,302	91,995	3,517,868
Non-operating revenues (expenses):				
Intergovernmental revenue	8,229	-	-	8,229
Interest revenue	-	267,294	-	267,294
Interest expense and fiscal charges	(127,642)	(503,213)	-	(630,855)
Total non-operating revenues (expenses)	(119,413)	(235,919)	-	(355,332)
Income before contributions and transfers	654,158	2,416,383	91,995	3,162,536
Capital contributions	197,119	-	-	197,119
Transfers out	(10,000)	(25,000)	-	(35,000)
	187,119	(25,000)	-	162,119
Change in net position	841,277	2,391,383	91,995	3,324,655
Net position, beginning of year, *restated*	11,220,486	11,720,298	1,944,770	24,885,554
Net position, end of year	$ 12,061,763	$ 14,111,681	$ 2,036,765	$ 28,210,209

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
Cash flows from operating activities				
Cash received from customers	$ 2,599,258	$ 5,143,375	$ 835,906	$ 8,578,539
Cash payments for employee services and benefits	(555,483)	(883,811)	-	(1,439,294)
Cash payments to suppliers for goods and services	(991,685)	(682,833)	(688,055)	(2,362,573)
Cash payments for other operating expenses	-	(261,600)	-	(261,600)
Cash received from other operating revenue	75,694	426	-	76,120
Net cash from operating activities	1,127,784	3,315,557	147,851	4,591,192
Cash flows from noncapital financing activities				
Transfers	(10,000)	(25,000)	-	(35,000)
Intergovernmental	8,229	-	-	8,229
Net cash from noncapital financing activities	(1,771)	(25,000)	-	(26,771)
Cash flows from capital and related financing activities				
Acquisition of capital assets	(870,804)	(545,098)	-	(1,415,902)
Proceeds from loans	814,445	-	-	814,445
Principal retirement	(709,837)	(1,892,134)	(21,030)	(2,623,001)
Interest paid	(109,552)	(509,405)	-	(618,957)
Net cash from capital and related financing activities	(875,748)	(2,946,637)	(21,030)	(3,843,415)
Cash flows from investing activities				
Interest	-	267,294	-	267,294
Net change	250,265	611,214	126,821	988,300
Cash and pooled investments beginning of year	2,027,989	12,813,702	455,353	15,297,044
Cash and pooled investments end of year	$ 2,278,254	$ 13,424,916	$ 582,174	$ 16,285,344
Reconciliation of operating income to net cash from operating activities:				
Operating income	$ 773,571	$ 2,652,302	$ 91,995	$ 3,517,868
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	384,174	618,565	43,282	1,046,021
Changes in deferred outflows - pensions and OPEB	(239,014)	(333,516)	-	(572,530)
Changes in deferred inflows - pensions and OPEB	(309,948)	(418,335)	-	(728,283)
Changes in assets and liabilities:				
Receivables	(27,685)	58,919	12,021	43,255
Prepaid items	(3,390)	(2,324)	-	(5,714)
Materials and supplies inventory	(50,227)	1,206	-	(49,021)
Accounts payable	14,123	(46,807)	553	(32,131)
Accrued salaries	20,513	203	-	20,716
Intergovernmental payable	(509)	1,031	-	522
Compensated absences payable	1,983	(16,661)	-	(14,678)
Net pension and OPEB liabilities	486,499	696,037	-	1,182,536
Net OPEB asset	77,694	104,937	-	182,631
Net cash from operating activities	$ 1,127,784	$ 3,315,557	$ 147,851	$ 4,591,192
<u>Schedule of non-cash capital and related financing activities:</u>				
Capital assets acquired through liabilities	$ 438,260	211,338	-	
Capital assets financed by governmental funds	$ 185,099	-	-	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

Assets	
Cash in segregated accounts	$ 4,464
Receivables:	
Income taxes	21,052
Total assets	25,516
Liabilities	
Intergovernmental payable	25,516
Net Position	
Restricted for other governments and organizations	$ -

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended December 31, 2023

Additions	
Collections for other governments and organizations:	
Income taxes	$ 60,613
Fines, costs and forfeitures	52,884
Total additions	113,497
Deductions	
Administrative expenses	13,942
Distributions of income taxes	46,671
Distributions to state, local governments and others	52,884
Total deductions	113,497
Change in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	$ -

See accompanying notes to the basic financial statements.

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Harrison are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies used in the preparation of these financial statements are summarized below.

A. Reporting Entity

The City of Harrison, Ohio (the "City") is a charter city and operates under the Mayor-Council form of government. A seven-member council is elected, and the council selects one of its members to serve as mayor.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are fairly presented. The primary government of the City consists of all funds and departments that comprise the legal entity of the City. They provide various services including police, fire, court, park and recreation, water sewage and sanitary services, street and sewer maintenance.

Included as part of the City's primary government in the determination of the City's reporting entity is the Harrison Mayor's Court (the "Court"). Although the Court's territorial jurisdiction extends beyond the boundaries of the City, the Court's operations are not legally separate from the City. Monies held by the Court in a fiduciary capacity are included in a custodial fund in the accompanying basic financial statements.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

Jointly Governed Organization

Harrison Township-City of Harrison Joint Economic Development District
In an effort to facilitate economic development and to create and preserve jobs, the City has entered into a contract with Harrison Township to create a Joint Economic Development District (JEDD). In accordance with State law, the District's Board of Trustees levied a 1% income tax. The proceeds of that tax are allocated, in accordance with the contract, to the City and the Township. The City and the Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement in the District. The City received $136,427 in revenues through the JEDD in 2023.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the City.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, deferred inflows of resources and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental funds are those through which most governmental functions typically are financed. The following are the City's major governmental funds:

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

Street Fund – This fund accounts for the portion of state gasoline tax and motor vehicle registration fees restricted for the improvement and maintenance of the streets within the City.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation - *continued*

Fire Improvement Fund – This fund accounts for voted property taxes and contracts that relate to the operation of the fire department.

Capital Improvement Fund – This fund accounts for hotel taxes and Ohio Public Works Commission funding for roadway and bridge improvements.

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. Proprietary funds are either classified as enterprise or internal service. The City does not have any internal service funds.

Water Fund **-** Accounts for the provision of water service to the City and surrounding areas.

Sewer Fund - Accounts for the provision of sanitary sewer service to the City and surrounding areas.

The other enterprise funds of the City are used to account for storm water, water/wastewater deposits and sanitation.

Fiduciary Funds. The City's only fiduciary funds are custodial funds. Custodial funds are used to account for assets held in a fiduciary capacity on behalf of others. The City's custodial funds account for monies held by the Mayor's Court in a fiduciary capacity and to account for the administering and collection of income taxes related to the Joint Economic Development District.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred outflows and inflows of resources are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources. Since governmental funds financial statements use a different measurement focus and basis of accounting than the government-wide statements, governmental funds financial statements include reconciliations to the government-wide statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Measurement Focus - *continued*

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is sixty days after year-end. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

All proprietary and custodial funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position.

The accrual basis of accounting is utilized by the proprietary and custodial fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues – Exchange and Non-Exchange Transactions

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, grants, and municipal income tax.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Measurement Focus - *continued*

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of financial position for deferred loss on refunding, pensions and other postemployment benefits other than pensions (OPEB). A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include deferred gain on refunding, property taxes, payments in lieu of taxes, unavailable revenue, pensions and OPEB. A deferred gain 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. Receivables for property taxes and payments in lieu of taxes represent amounts that are measurable as of December 31, 2023, but are intended to finance the subsequent year's operations. These amounts have been recorded as deferred inflows 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 fund financial statements and represents receivables that will not be collected within the available period (sixty days after year-end). Deferred inflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

Since governmental funds' financial statements use a different measurement focus and basis of accounting than the government-wide financial statements, governmental funds' financial statements include reconciliations to the government-wide financial statements.

D. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. During 2023, investments were limited to STAR Ohio.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2023. 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 GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2023, which approximates fair value.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

D. Cash and Investments - *continued*

STAR Ohio reserves the right to limit the transaction to $250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of $100 million or more. For 2023, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Following Ohio Statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During 2023, interest revenue credited to the general fund amounted to $1,148,622 and $267,294 to the sewer fund.

The City has segregated bank accounts for the Mayor's court and senior center deposits which are held separate from the City's central bank account. The depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

At year end, the City had $5,157,647 in unspent bond proceeds held in a separate account for the Edgewood Road sewer project. These amounts are reported as "restricted cash and investments" in the financial statements. An analysis of the City's deposits and investments at year end is provided in Note 3.

E. Prepaid Items

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

F. Supplies Inventory

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

G. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, infrastructure, furniture and equipment, vehicles and construction in progress, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

G. Capital Assets - *continued*

The City defines capital assets as those with an individual cost of more than $5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. Infrastructure includes streets, storm sewers, water lines and sewer lines. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

All capital assets except for land and construction in progress are depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Infrastructure	50 years
Buildings	50 years
Furniture and equipment	5-20 years
Vehicles	8 years
Land improvements	20 years

H. Restricted Assets

Certain cash and investments are classified as restricted cash on the financial statements because these funds are restricted for sewer improvements.

I. Accrued Liabilities and Long-Term Obligations

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

J. Interfund Balances

During the course of operations, transactions occur between individual funds for goods provided or services rendered. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans (advances) are classified as "advances to other funds" and "advances from other funds". These amounts are eliminated in the governmental columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

K. Pensions and OPEB

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

L. Compensated Absences

The City follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which the leave was earned. For governmental funds, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations and retirements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be available when payment is due.

M. Accounting Estimates

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

N. Grants and Other Intergovernmental Revenues

Grants made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

O. Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The "not in a spendable form" criterion includes items that are not expected to be converted into cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

O. Fund Balances - *continued*

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

P. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when the limitations imposed on its use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. At December 31, 2023, none of the City's net position was restricted by enabling legislation.

The net position restricted for other purposes result from special revenue funds and the restriction on their net position use. When both restricted and non-restricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Q. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than fiduciary funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control (the level at which transfers of budget amounts cannot be made without legislative approval) is at the object level. Budgetary modifications may only be made by ordinance of the City Council. The City legally adopted supplemental appropriations during 2023.

Tax Budget

By July 15, the Mayor submits an annual tax budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Q. Budgetary Process - *continued*

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of the previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or before January 31, the certificate of estimated resources is amended to include any unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates.

Appropriations

The annual appropriation ordinance must be passed no later than April 1 of each year for the period January 1 to December 31. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The appropriation ordinance fixes spending authority at the object level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts on the budgetary schedules reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance for governmental funds since they do not constitute expenditures or liabilities.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation lapses and is restored to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

NOTE 2—BUDGETARY BASIS OF ACCOUNTING

While the City reports 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, requires accounting for certain transactions according to cash receipts, disbursements, appropriations, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis, 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than classified as a portion of fund balance (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) rather than as an interfund receivables/payables (GAAP basis).

5. Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The adjustments necessary to convert the results of operations of the General and major Special Revenue funds for the year ended December 31, 2023, on the GAAP basis to the budget basis are as follows:

	General Fund	Street	Fire Improvement
Net change in fund balance - ***GAAP Basis***	$ 1,273,251	$ 353,859	$ 253,183
Funds reclassified	(50,516)	-	-
Net adjustment for revenue accruals	(107,256)	(502,927)	(21,948)
Net adjustment for expenditure accruals	90,194	176,417	(1,339)
Encumbrances	(186,796)	(359,026)	(54,067)
Net change in fund balance - ***Budget Basis***	$ 1,018,877	$ (331,677)	$ 175,829

NOTE 3—DEPOSITS AND INVESTMENTS

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the statement of net position and balance sheets as "Equity in Pooled Cash 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 Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys, which are not needed for immediate, use but which will be needed before the end of the current period of designation of depositories. 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 or interest by the United States;

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

(3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily and that the term of the agreement must not exceed thirty days;

(4) Bonds and other obligations of the State of Ohio;

(5) No-load money market funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreement secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

(6) The State Treasury Assets Reserve of Ohio (STAR Ohio);

(7) Certain banker’s acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and

NOTE 3—DEPOSITS AND INVESTMENTS – *continued*

(8) Under limited circumstance, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the 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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the amount to 102% of the deposits being secured. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At December 31, 2023, the carrying amount of all City deposits was $2,741,659. $2,175,309 of the City's bank balance of $2,675,309 was exposed to custodial risk as discussed above, while $500,000 was covered by FDIC.

At December 31, 2023, the carrying amount of the City's segregated cash deposits was $34,550. The bank balance of $35,902 was covered by FDIC.

NOTE 3—DEPOSITS AND INVESTMENTS – ***continued***

Investments: The City's investments at December 31, 2023 are summarized as follows:

Investment Type	Fair Value	Average Days to Maturity	S&P Rating
STAR Ohio	$ 26,905,000	46.4	AAAm

Credit Risk: The City's investment policy limits its investments to those authorized by State statute.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a counter party, 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 City has no investment policy dealing with investment custodial credit risk beyond the requirement in the State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee. The City's investments were not subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single user. The City places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

Fair Value Measurement: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurements within the fair value hierarchy. 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. The City's investments in STAR Ohio is excluded from fair value measurement requirements under GASB Statement No. 72, and instead are reported at amortized cost.

NOTE 4—PROPERTY TAXES

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

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

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

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

The Hamilton County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Harrison. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2023 operations and the collection of the delinquent 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 reported as deferred inflows of resources.

The assessed values upon which 2023 taxes were collected were:

Agricultural/Residential	$264,345,940
Commercial/Industrial/Other	95,624,890
Public Utility	9,686,650
Total Assessed Value	$369,657,480
Tax Rate per $1,000 of Assessed Valuation	$ 16.90

NOTE 5—INCOME TAX

The City levies a municipal income tax of one percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6—INTERFUND ACTIVITY

Interfund activity as reported in the fund financial statements includes transfers. The following represent the transfers during 2023:

	Transfers In	Transfers Out
General Fund	$ 90,000	$ 2,843,600
Street	600,000	5,000
Fire Improvement	1,323,600	80,000
Capital Improvement	340,000	-
Nonmajor governmental funds	620,000	10,000
Water Fund	-	10,000
Sewer Fund	-	25,000
	$ 2,973,600	$ 2,973,600

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to provide additional resources for current operations, debt service or capital improvements. Transfers into the General Fund were due to funding the severance reserve fund, included with the General Fund in accordance with GAAP, that was funded by transfers from other governmental and enterprise funds. Transfers between governmental funds and between enterprise funds are eliminated for reporting on the statement of activities.

During 2023, certain water improvements in the amount of $185,099 were paid from a nonmajor governmental fund. This was reported as a capital contribution in the Water Fund's fund financial statement and as transfers between governmental activities and business-type activities in the statement of activities.

NOTE 7—CAPITAL ASSETS

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 3,015,891	$ -	$ -	$ 3,015,891
Construction in progress	1,172,634	4,524,298	(2,280,212)	3,416,720
Total capital assets not being depreciated	4,188,525	4,524,298	(2,280,212)	6,432,611
Capital assets being depreciated:				
Land improvements	804,817	-	-	804,817
Buildings and improvements	4,021,295	215,288	-	4,236,583
Furniture and equipment	1,320,334	700,564	(65,245)	1,955,653
Vehicles	3,133,322	230,323	(101,333)	3,262,312
Infrastructure	20,914,197	2,280,212	-	23,194,409
Total capital assets being depreciated	30,193,965	3,426,387	(166,578)	33,453,774
Less accumulated depreciation:				
Land improvements	(804,817)	-	-	(804,817)
Buildings and improvements	(2,574,055)	(86,499)	-	(2,660,554)
Furniture and equipment	(825,443)	(125,722)	65,245	(885,920)
Vehicles	(1,792,045)	(273,113)	88,247	(1,976,911)
Infrastructure	(4,220,033)	(414,195)	-	(4,634,228)
Total accumulated depreciation	(10,216,393)	(899,529)	153,492	(10,962,430)
Total capital assets being depreciated, net	19,977,572	2,526,858	(13,086)	22,491,344
Capital assets, net	$ 24,166,097	$ 7,051,156	$ (2,293,298)	$ 28,923,955

Depreciation expense was charged to governmental functions as follows:

General government	$ 10,658
Security of persons and property	346,673
Transportation	507,375
Leisure time activities	34,823
Total depreciation expense	$ 899,529

NOTE 7—CAPITAL ASSETS – ***continued***

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 485,420	$ -	$ -	$ 485,420
Construction in progress	8,500,344	1,905,858	(1,333,220)	9,072,982
Total capital assets not being depreciated	8,985,764	1,905,858	(1,333,220)	9,558,402
Capital assets being depreciated:				
Land improvements	24,474	-	-	24,474
Buildings and improvements	10,244,689	-	-	10,244,689
Furniture and equipment	7,986,294	6,900	-	7,993,194
Vehicles	894,428	37,050	(66,973)	864,505
Infrastructure	36,599,027	1,333,220	-	37,932,247
Total capital assets being depreciated	55,748,912	1,377,170	(66,973)	57,059,109
Less accumulated depreciation:				
Land improvements	(24,474)	-	-	(24,474)
Buildings and improvements	(5,721,916)	(186,238)	-	(5,908,154)
Furniture and equipment	(7,312,609)	(77,516)	-	(7,390,125)
Vehicles	(383,024)	(83,074)	66,973	(399,125)
Infrastructure	(14,147,654)	(699,193)	-	(14,846,847)
Total accumulated depreciation	(27,589,677)	(1,046,021)	66,973	(28,568,725)
Total capital assets being depreciated, net	28,159,235	331,149	-	28,490,384
Capital assets, net	$ 37,144,999	$ 2,237,007	$ (1,333,220)	$ 38,048,786

Depreciation expense was charged to segments as follows:

Major enterprise funds	
Water	$ 384,174
Sewer	618,565
Nonmajor enterprise fund	
Storm water	43,282
Total depreciation expense	$ 1,046,021

NOTE 8—DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

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

Ohio Public Employees Retirement System (OPERS)

Plan Description. City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. While members (e.g., City employees) may elect the member-directed plan and the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Funding Policy. The ORC provides statutory authority for member and employer contributions. For 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $362,539 for 2023. Of this amount, $44,791 is reported as an intergovernmental payable.

NOTE 8—DEFINED BENEFIT PENSION PLANS – ***continued***

Ohio Police & Fire Pension Fund (OP&F)

Plan Description. City full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustment, 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 ORC. OP&F issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about OP&F's fiduciary net position. That report may be obtained by visiting https://www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit, and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving 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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

Funding Policy. The ORC provides statutory authority for member and employer contributions as follows:

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $1,101,366 for 2023. Of this amount, $124,034 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability 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:

	OPERS	OP&F	Total
Proportionate Share of Net Pension Liability	$ 4,373,180	$ 15,486,541	$ 19,859,721
Proportion of Net Pension Liability	0.01480%	0.16303%	
Change in Proportion	0.00033%	0.00006%	
Pension Expense	$ 697,583	$ 2,001,670	$ 2,699,253

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 145,258	$ 232,290	$ 377,548
Net differences between projected and actual investment earnings	1,246,493	2,254,651	3,501,144
Change in assumptions	46,200	1,396,832	1,443,032
Change in City's proportionate share and differences in employer contributions	50,076	66,191	116,267
City contributions subsequent to the measurement date	362,539	1,101,366	1,463,905
	$ 1,850,566	$ 5,051,330	$ 6,901,896
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 352,828	$ 352,828
Change in assumptions	-	301,982	301,982
Change in City's proportionate share and differences in employer contributions	-	223,353	223,353
	$ -	$ 878,163	$ 878,163

$1,463,905 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$ 204,813	$ 295,614	$ 500,427
2025	305,691	736,184	1,041,875
2026	366,904	819,421	1,186,325
2027	610,619	1,250,516	1,861,135
2028	-	(29,934)	(29,934)
	$ 1,488,027	$ 3,071,801	$ 4,559,828

NOTE 8—DEFINED BENEFIT PENSION PLANS – ***continued***

Ohio Public Employees Retirement System (OPERS)

Actuarial Assumptions. 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 in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2023, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

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 previous described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets 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 loss of 12.1% for 2022.

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.9%) and one-percentage point higher (7.9%) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate of 6.9%	1% Increase (7.9%)
City's proportionate share of the net pension liability	$ 6,550,877	$ 4,373,180	$ 2,561,730

NOTE 8—DEFINED BENEFIT PENSION PLANS – ***continued***

Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions. OP&F's total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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 determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below:

Valuation date	January 1, 2022 with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	2.75% plus productivity increase rate of 0.5%
Inflation assumptions	2.75%
Cost of living adjustments	2.2% simple per year.

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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

NOTE 8—DEFINED BENEFIT PENSION 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, 2022 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
	125.0%	

*Note: Assumptions are geometric. * Levered 2.5x*

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 1.20 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 7.5%. 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 earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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.

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

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 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.5%) or one-percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate of 7.5%	1% Increase (8.5%)
City's proportionate share of the net pension liability	$ 20,429,736	$ 15,486,541	$ 11,377,263

NOTE 9—DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued*

Ohio Public Employees Retirement System (OPERS)

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

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 a Health Reimbursement Arrangement 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting 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 ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

NOTE 9—DEFINED BENEFIT OPEB PLANS – ***continued***

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0%.

The City's contractually required contribution to OPERS for OPEB was $14,217 for 2023.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description. The City contributes to the OP&F stipend funded via the Health Care Stabilization Fund. This benefit is available to eligible members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. The stipend model allows eligible members the option of choosing an appropriate health care plan on the exchange. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The ORC 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 ORC.

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

Funding Policy. The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5% and 24.0% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

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

NOTE 9—DEFINED BENEFIT OPEB PLANS – ***continued***

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, the portion of the employer contributions allocated to health care was 0.5% 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 and is limited by the provisions of Section 115 and 401(h).

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

The City's contractually required contribution to OP&F was $25,821 for 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB. The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022 and was determined by rolling forward the total OPEB liability as of January 1, 2022 to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of Net OPEB Liability	$ 102,790	$ 1,160,747	$ 1,263,537
Proportion of Net OPEB Liability	0.01630%	0.16303%	
Change in Proportion	0.00019%	0.00006%	
OPEB (Negative) Expense	$ (166,683)	$ 137,933	$ (28,750)

NOTE 9—DEFINED BENEFIT OPEB PLANS – ***continued***

At December 31, 2023, 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	$ -	$ 69,264	$ 69,264
Net differences between projected and actual investment earnings	204,144	99,558	303,702
Change in assumptions	100,397	578,454	678,851
Change in City's proportionate share and differences in employer contributions	3,505	109,017	112,522
City contributions subsequent to the measurement date	14,217	25,821	40,038
	$ 322,263	$ 882,114	$ 1,204,377
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 25,640	$ 228,877	$ 254,517
Change in assumptions	8,261	949,398	957,659
Change in City's proportionate share and differences in employer contributions	-	43,354	43,354
	$ 33,901	$ 1,221,629	$ 1,255,530

$40,038 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$ 36,574	$ 25,625	$ 62,199
2025	75,294	25,682	100,976
2026	63,659	(54,018)	9,641
2027	98,618	(29,469)	69,149
2028	-	(98,389)	(98,389)
Thereafter	-	(234,767)	(234,767)
	$ 274,145	$ (365,336)	$ (91,191)

NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued*

Actuarial Assumptions—OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.22%
Prior measurement period	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	4.05%
Prior measurement period	1.84%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2036
Prior measurement period	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age

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 previous 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.

NOTE 9—DEFINED BENEFIT OPEB PLANS – ***continued***

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 loss of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00%	4.60%
REITs	7.00%	4.70%
International Equities	25.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	6.00%	1.84%
Total	100.00%	

Discount Rate. A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued*

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (4.22%) or 1.0% point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate of 5.22%	1% Increase (6.22%)
City's proportionate share of the net OPEB liability/(asset)	$ 349,584	$ 102,790	$ (100,998)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Cost Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 96,274	$ 102,790	$ 109,958

Actuarial Assumptions—OP&F

OP&F's total OPEB liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022 and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement 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.

NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued*

Projections of benefit for financial 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 applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key Methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement period	4.27%
Prior measurement period	2.84%
Municipal bond rate:	
Current measurement period	3.65%
Prior measurement period	2.05%
Cost of living adjustments	2.2% simple per year

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

The long-term expected rate of return on OPEB plan investments was determine using a building-block approach and assumes a time horizon, as defined in the OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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.

NOTE 9—DEFINED BENEFIT OPEB PLANS – ***continued***

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
	125.0%	

*Note: Assumptions are geometric. * Levered 2.5x*

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. Total OPEB liability was calculated using the discount rate of 4.27%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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, the long-term assumed rate of return on investments of 7.5% was applied to periods before December 31, 2035 and the municipal bond rate of 3.65% at December 31, 2022 was applied to periods on and after December 31, 2035, resulting in a blended discount rate of 4.27%.

NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued*

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.27%) and 1% point higher (5.27%) than the current discount rate.

	1% Decrease (3.27%)	Current Discount Rate of 4.27%	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	$ 1,429,351	$ 1,160,747	$ 933,976

NOTE 10—OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time

City employees earn vacation leave at varying rates based upon length of service. In the case of death or separation from employment, an employee (or their estate) is paid for any unused vacation or compensatory leave. The obligation for accrued unpaid vacation time for the City as a whole amounted to $303,720 at December 31, 2023.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the varying rates. Sick leave is cumulative without limit. In the event of death or separation, an employee is paid for a percentage of their accumulated sick leave up to a maximum. The obligation for accrued unpaid sick leave for the City as a whole amounted to $1,216,664 at December 31, 2023.

NOTE 11—RISK MANAGEMENT

Risk Pool Membership
The City belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excessive liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 773 and 769 members as of December 31, 2022 and 2021, respectively, which is the latest available. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

NOTE 11—RISK MANAGEMENT – *continued*

The Pool's audited financial statements conform to accounting principles generally accepted in the United States of America and reported the following assets, liabilities and members' equity at December 31:

	2022	2021
Assets	$ 21,662,291	$ 21,777,439
Liabilities	(18,158,351)	(15,037,383)
Members' Equity	$ 3,503,940	$ 6,740,056
Members	773	769

You can read the complete audited financial statements for the OPRM at the Plan's website, www.ohioplan.org.

Health Insurance
During 2023, the City provided employees insurance for medical, dental, and life through Anthem Insurance. The premiums for health, dental and accident and life insurance are paid monthly with the City paying one hundred percent of the cost up to $847 per employee for Steel Workers Union employees and $797 per employee for all other employees. Anything above these caps amount is split by the City and the employees per union contracts. The risk of loss transfers to the insurance carrier upon payment of the premium by the City.

Workers' Compensation
Workers' compensation claims are covered through the State of Ohio Workers Compensation Retrospective Plan. The City's MCO is Sheakley Unicorp.

There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12—LONG-TERM LIABILITIES

The following is a summary of changes during 2023 and balances for governmental activities' long-term liabilities of the City as of December 31, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2015 Various purpose	$ 1,330,000	$ -	$ (125,000)	$ 1,205,000	$ 125,000
Unamortized premiums	44,392	-	(3,752)	40,640	-
Direct Placement:					
2019 Private placement refunding	1,160,000	-	(90,000)	1,070,000	95,000
Direct Borrowing:					
OPWC loans	2,973,669	760,137	(215,154)	3,518,652	251,828
Promissory notes	257,570	-	(75,653)	181,917	42,300
Lease-purchase obligations	796,344	-	(200,790)	595,554	205,912
Compensated absences	1,100,828	356,571	(257,143)	1,200,256	285,479
	$ 7,662,803	$ 1,116,708	$ (967,492)	$ 7,812,019	$ 1,005,519

Series 2015 General Obligation Various Purpose Improvement and Refunding Bonds

On October 15, 2015, the City issued $3,185,000 in Series 2015 general obligation limited tax various purpose improvement and refunding bonds to refinance $1,525,000 in public infrastructure bond anticipation notes, current refund $1,305,000 in Series 2005 general obligation refunding bonds, and finance State Street improvements. The bonds bear interest rates ranging from 1.0% to 4.0% and are scheduled to mature December 1, 2034.

Series 2019 Private Placement Refunding Bonds

On December 18, 2019, the City issued $1,425,000 in direct placement Series 2019 private placement refunding bonds to advance refund $1,385,000 of the Series 2009 general obligation various purpose improvement bonds. The refunded bonds pay an interest rate of 2.52% and mature on December 1, 2034.

OPWC Loans

Improvements to the City's street infrastructure were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2023, the City has fifteen interest-free loans outstanding through the OPWC payable from governmental activities. The loans are payable in semi-annual installments of principal.

Promissory Notes

The City has entered into promissory notes in prior years to finance the purchase of police vehicles and an ambulance. These notes bear interest rates that range from 3% to 4.75% and mature in 2027.

<u>NOTE 12—LONG-TERM LIABILITIES</u> – *continued*

<u>Lease-Purchase Obligations</u>
The City has entered into several lease-purchase obligations in prior years to finance the purchase fire trucks, ambulances and heavy-duty vehicles. These obligations bear interest rates that range from 2.2% to 2.99% and mature at various periods ranging from 2024 to 2027.

<u>Compensated Absences</u>
Compensated absences for governmental activities, and net pension and OPEB liabilities, will be liquidated by the fund which pays the employee's salary, with the General Fund and Fire Improvement Fund being the most significant funds.

The general obligation bonds will be liquidated from the General, Capital Improvement, Home Depot TIF and Harrison Avenue TIF Funds. The OPWC loans will be liquidated from the General and Capital Improvement Funds. The promissory notes will be liquidated from the General and Fire Improvement Funds. The lease-purchase obligations will be liquidated from the General, Street and Fire Improvement Funds.

The following is a summary of the City's future annual debt service principal and interest requirements for government-type activities long term-obligations:

	Governmental Activities			
	Various Purpose and Refunding Series - 2015		*Direct Placement* Refunding Series - 2019	
Year Ending December 31,	Principal	Interest	Principal	Interest
2024	$ 125,000	$ 42,925	$ 95,000	$ 26,964
2025	90,000	39,175	100,000	24,570
2026	95,000	36,475	100,000	22,050
2027	100,000	33,150	105,000	19,530
2028	100,000	29,650	105,000	16,884
2029-2033	570,000	91,650	465,000	44,982
2034-2035	125,000	5,000	100,000	2,520
Total	$ 1,205,000	$ 278,025	$ 1,070,000	$ 157,500

NOTE 12—LONG-TERM LIABILITIES – *continued*

	Governmental Activities Direct Borrowing				
	Lease-Purchase Obligations		Promissory Notes		OPWC
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal
2024	$ 205,912	$ 15,503	$ 42,300	$ 7,729	$ 251,828
2025	157,891	10,251	44,354	5,675	251,828
2026	114,361	6,138	46,507	3,522	240,018
2027	117,390	3,110	48,756	1,264	228,208
2028	-	-	-	-	228,208
2029-2033	-	-	-	-	980,705
2034-2038	-	-	-	-	670,603
2039-2043	-	-	-	-	300,539
2044-2048	-	-	-	-	183,360
2049-2053	-	-	-	-	183,355
Total	$ 595,554	$ 35,002	$ 181,917	$ 18,190	$ 3,518,652

The following is a summary of changes during 2023 and balances for business-type activities' long-term liabilities of the City as of December 31, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Business-Type Activities:					
General Obligation Bonds:					
Direct Placement:					
2019 Private placement refunding	$ 3,505,000	$ -	$ (255,000)	$ 3,250,000	$ 260,000
2022 Private placement refunding	7,225,000	-	(350,000)	6,875,000	390,000
Direct Borrowing:					
OPWC direct borrowing loans	598,236	-	(113,338)	484,898	113,338
ODWA direct borrowing loans	15,527,308	814,445	(1,800,208)	14,541,545	1,864,195
Lease-purchase obligations	211,211	-	(104,455)	106,756	106,756
Compensated absences	334,806	31,899	(46,577)	320,128	47,012
	$ 27,401,561	$ 846,344	$ (2,669,578)	$ 25,578,327	$ 2,781,301

NOTE 12—LONG-TERM LIABILITIES – *continued*

Series 2019 Private Placement Refunding Bonds
On December 18, 2019, the City issued $3,695,000 in direct placement Series 2019 private placement refunding bonds to advance refund $3,515,000 of the Series 2010 general obligation sanitary sewer improvement bonds. The refunded bonds pay an interest rate of 2.571% and mature on December 1, 2034.

Series 2022 Private Placement Various Purpose Improvement and Refunding Bonds
On October 24, 2022, the City issued $7,225,000 in direct placement Series 2022 private placement various purpose improvement and refunding bonds to retire the $2,150,000 in 2021 sewer bond anticipation notes and provide funding for the Edgewood Road sewer project. These bonds pay an interest rate of 3.41% and mature on December 1, 2037.

The general obligation bonds are expected to be retired with revenues of the sewer fund. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within the limitations of Ohio law.

OPWC Loans
Improvements to the City's water treatment facilities and State Street/Campbell Road and Etta, Lellan and Joyce Ave. improvements were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2023, the City has two interest-free loans outstanding through the OPWC payable from business-type activities. The loans are payable in semi-annual installments of principal. The amounts due to the OPWC are payable solely from sewer and storm water revenues.

OWDA Loans
The City has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2023, the City has outstanding borrowings of $14,541,545. The loans are payable in semi-annual payments with interest rates ranging from 0.53% to 3.64%. The future annual debt service principal and interest requirements disclosed were based on loans that were finalized as of December 31, 2023.

In 2019, the City entered into a direct borrowing loan agreement with OWDA to borrow up to $8,057,900 for water softening improvements and a chemical room. This loan, when finalized, will bear an interest rate of 0.53% and is estimated to mature in 2042. The City drew down $814,445 during 2023, bring the total drawn as of December 31, 2023 to $7,417,466. The City began to make debt payments on this loan during 2023 based on an estimated loan amortization schedule.

Lease-Purchase Obligations
The City has entered into a lease-purchase obligation in a prior year to finance the purchase of utility vehicles. The obligation bears an interest rate of 2.2% and matures in 2024.

Compensated Absences
Compensated absences and net pension liabilities for business-type activities will be paid from the Sewer and Water Funds.

NOTE 12—LONG-TERM LIABILITIES – ***continued***

The general obligation bonds will be liquidated from the Sewer Fund. The OPWC loans will be liquidated from the Sewer and Storm Water Funds. The OWDA loans will be liquidated from the Water and Sewer Funds.

Principal and interest requirements to retire the City's outstanding obligations at December 31, 2023 were:

	Business-Type Activities Private Placement			
	2019 Refunding G.O. Bonds		2022 Various Purpose and Refunding G.O. Bonds	
Year Ending December 31,	Principal	Interest	Principal	Interest
2024	$ 260,000	$ 81,900	$ 390,000	$ 234,438
2025	265,000	75,348	405,000	221,139
2026	270,000	68,670	415,000	207,328
2027	280,000	61,866	430,000	193,177
2028	285,000	54,810	450,000	178,514
2029-2033	1,555,000	161,658	2,485,000	651,992
2034-2038	335,000	8,442	2,300,000	199,485
Total	$ 3,250,000	$ 512,694	$ 6,875,000	$ 1,886,071

	Business-Type Activities Direct Borrowing				
	Lease-Purchase Obligations		OWDA		OPWC
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal
2024	$ 106,756	$ 2,351	$ 1,864,195	$ 190,882	$ 113,338
2025	-	-	1,895,447	159,629	113,338
2026	-	-	1,927,371	127,704	113,338
2027	-	-	1,899,461	95,093	113,339
2028	-	-	1,869,664	64,370	21,030
2029-2033	-	-	2,420,131	146,923	10,515
2034-2038	-	-	2,253,265	81,892	-
2039- 2042	-	-	412,011	55,020	-
Total	$ 106,756	$ 2,351	$ 14,541,545	$ 921,515	$ 484,898

NOTE 13—CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

The City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes all expenditures meet grant qualifications.

Asset Retirement Obligations

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

NOTE 14—FUND BALANCES

Fund balance is classified as nonspendable, restricted, assigned and unassigned 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 constraints placed on fund balance for the major governmental funds and nonmajor governmental funds are presented below:

Fund Balances	General Fund	Street	Fire Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaids	$ 55,733	$ 11,081	$ 58,053	$ -	$ 10,812	$ 135,679
Inventory	-	9,616	-	-	-	9,616
Total Nonspendable	55,733	20,697	58,053	-	10,812	145,295
Restricted for:						
Public safety	-	-	876,694	-	217,086	1,093,780
Debt service	-	-	-	-	37,110	37,110
Recreational activities	-	-	-	-	1,074,264	1,074,264
Street and highway projects	-	724,991	-	-	72,005	796,996
Infrastructure projects	-	-	-	-	919,709	919,709
Other purposes	-	-	-	-	43,732	43,732
Total Restricted	-	724,991	876,694	-	2,363,906	3,965,591
Committed to						
Severances	776,769	-	-	-	-	776,769
Capital projects	-	-	-	235,603	-	235,603
Total Committed	776,769	-	-	235,603	-	1,012,372
Assigned to:						
Public safety	117,051	-	-	-	15,832	132,883
Recreational activities	46,268	-	-	-	-	46,268
Building, planning and zoning	9,867	-	-	-	-	9,867
General government	59,505	-	-	-	750,000	809,505
Total Assigned	232,691	-	-	-	765,832	998,523
Unassigned (Deficit)	7,771,336	-	-	-	-	7,771,336
Total Fund Balance	$ 8,836,529	$ 745,688	$ 934,747	$ 235,603	$ 3,140,550	$ 13,893,117

NOTE 15—COMMITMENTS

The City utilizes encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances outstanding in the governmental funds was as follows:

General Fund	$ 186,796
Street Fund	359,026
Fire Improvement Fund	54,067
Nomajor Governmental Funds	127,362
	$ 727,251

NOTE 16—TAX ABATEMENTS

The City receives reduced property tax revenues as a result of Enterprise Zone (EZ) and Community Reinvestment Area (CRA) programs. These programs are for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones or areas in exchange for specified local tax incentives. Under the EZ program, businesses may apply for tax reductions on real property investments. The amount of the tax exemption is negotiated on an individual project basis and varies according to the size of the investment and the number of jobs created or retained. Under the CRA program, real property investment incentives are available for projects involving the renovation of existing or the construction of new buildings for residential, commercial or industrial projects.

During 2023, the City's property tax revenues were reduced by $99,983 under these programs.

NOTE 17—RESTATEMENTS

During 2023, the City made corrections to capital assets as part of its new system migration. These adjustments had the following impacts:

	Water	Sewer	Non-major Enterprise
Net Position at December 31, 2022	$ 11,905,053	$ 13,005,743	$ 2,000,627
Adjustments:			
Capital asset adjustments	(684,567)	(1,285,445)	(55,857)
Restated Net Position at December 31, 2022	$ 11,220,486	$ 11,720,298	$ 1,944,770

NOTE 17—RESTATEMENTS – ***continued***

	Governmental Activities	Business-Type Activities
Net Position at December 31, 2022	$ 16,919,369	$ 26,911,423
Adjustments:		
Capital asset adjustments	(398,498)	(2,025,869)
Restated Net Position at December 31, 2022	$ 16,520,871	$ 24,885,554

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Required Supplementary Information

CITY OF HARRISON
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.01149%	$ 1,354,639	$ 1,502,200	90.18%	86.36%
2015	0.01149%	1,385,943	1,408,850	98.37%	86.45%
2016	0.01152%	1,994,671	1,552,425	128.49%	81.08%
2017	0.01253%	2,845,214	1,692,225	168.13%	77.25%
2018	0.01313%	2,059,541	1,343,162	153.34%	84.66%
2019	0.01365%	3,739,650	1,798,529	207.93%	74.70%
2020	0.01388%	2,743,650	2,057,864	133.33%	82.17%
2021	0.01432%	2,119,871	1,990,150	106.52%	86.88%
2022	0.01447%	1,258,756	2,090,507	60.21%	92.62%
2023	0.01480%	4,373,180	2,407,093	181.68%	75.74%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 169,062	$ (169,062)	$ -	$ 1,408,850	12.00%
2015	186,291	(186,291)	-	1,552,425	12.00%
2016	203,067	(203,067)	-	1,692,225	12.00%
2017	174,611	(174,611)	-	1,343,162	13.00%
2018	251,794	(251,794)	-	1,798,529	14.00%
2019	288,101	(288,101)	-	2,057,864	14.00%
2020	278,621	(278,621)	-	1,990,150	14.00%
2021	292,671	(292,671)	-	2,090,507	14.00%
2022	336,993	(336,993)	-	2,407,093	14.00%
2023	362,539	(362,539)	-	2,589,564	14.00%

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

See Notes to Required Supplementary Information.

CITY OF HARRISON
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.15561%	$ 7,578,456	$ 4,078,361	185.82%	73.00%
2015	0.15561%	8,060,993	3,198,414	252.03%	71.71%
2016	0.14814%	9,529,887	3,183,678	299.34%	66.77%
2017	0.16014%	10,143,234	3,624,913	279.82%	68.36%
2018	0.16957%	10,407,251	3,820,692	272.39%	70.91%
2019	0.16879%	13,777,807	3,977,501	346.39%	63.07%
2020	0.16461%	11,088,862	4,446,232	249.40%	69.89%
2021	0.16586%	11,306,648	4,282,623	264.01%	70.65%
2022	0.16297%	10,181,449	4,235,465	240.39%	75.03%
2023	0.16303%	15,486,541	4,850,329	319.29%	62.90%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 651,197	$ (651,197)	$ -	$ 3,198,414	20.36%
2015	639,601	(639,601)	-	3,183,678	20.09%
2016	728,245	(728,245)	-	3,624,913	20.09%
2017	767,577	(767,577)	-	3,820,692	20.09%
2018	799,080	(799,080)	-	3,977,501	20.09%
2019	893,248	(893,248)	-	4,446,232	20.09%
2020	860,379	(860,379)	-	4,282,623	20.09%
2021	850,905	(850,905)	-	4,235,465	20.09%
2022	974,431	(974,431)	-	4,850,329	20.09%
2023	1,101,366	(1,101,366)	-	5,482,160	20.09%

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

See Notes to Required Supplementary Information.

CITY OF HARRISON

Required Supplementary Information

Schedule of City's Proportionate Share of the Net OPEB Liability/(Asset)
and City OPEB Contributions

Ohio Public Employees Retirement System

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.01474%	$ 1,489,124	$ 1,692,225	88.00%	54.05%
2018	0.01521%	1,651,339	1,343,162	122.94%	54.14%
2019	0.01569%	2,045,097	1,798,529	113.71%	46.33%
2020	0.01568%	2,165,909	2,057,864	105.25%	47.80%
2021	0.01580%	(281,401)	1,990,150	(14.14%)	115.57%
2022	0.01611%	(504,507)	2,090,507	(24.13%)	128.23%
2023	0.01630%	102,790	2,407,093	4.27%	94.79%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 28,177	$ (28,177)	$ -	$ 1,408,850	1.0%
2015	31,049	(31,049)	-	1,552,425	2.0%
2016	33,845	(33,845)	-	1,692,225	2.0%
2017	16,560	(16,560)	-	1,343,162	2.0%
2018	9,881	(9,881)	-	1,798,529	0.5%
2019	11,025	(11,025)	-	2,057,864	0.5%
2020	9,363	(9,363)	-	1,990,150	0.5%
2021	8,007	(8,007)	-	2,090,507	0.4%
2022	12,603	(12,603)	-	2,407,093	0.5%
2023	14,217	(14,217)	-	2,589,564	0.5%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

See Notes to Required Supplementary Information.

CITY OF HARRISON
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability
and City OPEB Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.16014%	$ 7,601,581	$ 3,624,913	209.70%	15.96%
2018	0.16957%	9,607,576	3,820,692	251.46%	14.13%
2019	0.16879%	1,537,101	3,977,501	38.64%	46.57%
2020	0.16461%	1,625,951	4,446,232	36.57%	47.08%
2021	0.16586%	1,757,287	4,235,465	41.49%	45.42%
2022	0.16297%	1,786,295	4,235,465	42.17%	46.90%
2023	0.16303%	1,160,747	4,850,329	23.93%	52.59%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 15,208	$ (15,208)	$ -	$ 3,198,414	0.5%
2015	15,349	(15,349)	-	3,183,678	0.5%
2016	17,244	(17,244)	-	3,624,913	0.5%
2017	17,949	(17,949)	-	3,820,692	0.5%
2018	18,598	(18,598)	-	3,977,501	0.5%
2019	20,811	(20,811)	-	4,446,232	0.5%
2020	20,045	(20,045)	-	4,235,465	0.5%
2021	19,823	(19,823)	-	4,235,465	0.5%
2022	22,896	(22,896)	-	4,850,329	0.5%
2023	25,821	(25,821)	-	5,482,160	0.5%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

See Notes to Required Supplementary Information.

CITY OF HARRISON
Required Supplementary Information
Notes to Required Supplementary Information
Ohio Public Employees Retirement System

Notes to Pension Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

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

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

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.
tables.

Notes to OPEB Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

In 2018, the single discount rate changed from 4.23% to 3.85%.

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

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

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

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

In 2023, the single discount rate changed from 6.00% to 5.22% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2034 to 5.5% initial, 3.50% ultimate in 2036.

CITY OF HARRISON
Required Supplementary Information
Notes to Required Supplementary Information
Ohio Police and Fire Pension Fund

Notes to Pension Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

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

In 2022, the single discount rate changed from 8.0% to 7.5%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2021. Significant changes included transition from RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

Notes to OPEB Information

Changes of Benefit Terms

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

Changes of Assumptions

In 2018, the single discount rate changed from 3.79% to 3.24%.

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

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

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

In 2022, the single discount rate changed from 2.96% to 2.84%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed the for five-year period ended December 31, 2012. Significant changes included an increase of the single discount rate from 2.84% to 4.27% and transition from the RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

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800-282-0370

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

City of Harrison
Hamilton County
300 George Street
Cincinnati, Ohio 45030

To the Council Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrison, Hamilton County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 19, 2024, wherein we noted the City made corrections to capital assets as part of its new system migration.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
November 19, 2024

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF HARRISON

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/5/2024

65 East State Street, Columbus, Ohio 43215
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