

**CITY OF BAY VILLAGE**  
CUYAHOGA COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**





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Columbus, Ohio 43215  
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Members of Council  
City of Bay Village  
350 Dover Center Road  
Bay Village, Ohio 44140

We have reviewed the *Independent Auditor's Report* of the City of Bay Village, Cuyahoga County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 31, 2024**

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**CITY OF BAY VILLAGE  
CUYAHOGA COUNTY, OHIO**

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## Independent Auditor's Report

City of Bay Village  
Cuyahoga County  
350 Dover Center Road  
Bay Village, Ohio 44140

To the Members of the City Council and Mayor:

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay Village, 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 and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

As discussed in Note 3 to the financial statements, the City of Bay Village restated the beginning net position and beginning capital assets of the Sewer enterprise fund to account for the recalculation and treatment of the Rocky River Wastewater Treatment Plant. The beginning net position of the business-type activities was also restated. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 on our consideration of the City of Bay Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bay Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bay Village's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 24, 2024

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## CITY OF BAY VILLAGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

The management's discussion and analysis of the City of Bay Village's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### Financial Highlights

Key financial highlights for 2023 are as follows:

- The total net position of the City increased \$4,621,192 from December 31, 2022's net position. Net position of governmental activities increased \$2,691,738 or 7.25% from December 31, 2022's net position and net position of business-type activities increased \$1,929,454 or 17.83% from December 31, 2022's net position.
- General revenues accounted for \$24,209,464 or 85.98% of total governmental activities revenue. Program specific revenues accounted for \$3,948,641 or 14.02% of total governmental activities revenue.
- The City had \$24,528,721 in expenses related to governmental activities; \$3,948,641 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$20,580,080 were offset by general revenues (primarily property taxes, municipal income taxes and unrestricted grants and entitlements) of \$24,209,464.
- The general fund had revenues and other finance sources of \$18,253,636 in 2023. The expenditures and other financing uses of the general fund totaled \$17,355,300 in 2023. The net increase in fund balance for the general fund was \$898,336 or 12.54%.
- The American Rescue Plan fund had revenues of \$105,487 in 2023. The expenditures of the American Rescue Plan fund totaled \$105,487 in 2023.
- The general obligation bond retirement fund had revenues and other financing sources of \$4,829,653 in 2023. The expenditures of the general obligation bond retirement fund totaled \$4,132,230 in 2023. The net increase in fund balance for the general obligation bond retirement fund was \$697,423 or 10.59%.
- The general capital improvement fund had revenues and other financing sources of \$2,663,682 in 2023. The expenditures and other finance uses of the general capital improvement fund totaled \$7,160,115 in 2023. The net decrease in fund balance for the general capital improvement fund was \$4,496,433 or 100.31%.
- Net position for the business-type activities, which are made up of the sewer and swimming pool enterprise funds, increased in 2023 by \$1,929,454.
- The sewer enterprise fund had operating revenues of \$3,145,733 and operating expenses of \$2,041,676. The sewer fund had \$11,308 in non-operating expenses. The sewer enterprise fund also had capital contributions and transfers in of \$762,646. Net position of the sewer fund increased \$1,855,395 or 19.13%.
- The swimming pool enterprise fund had operating revenues of \$341,375 and operating expenses of \$415,004. The swimming pool enterprise fund had \$164,816 in non-operating expenses. The swimming pool fund also had transfers in of \$175,000. The net position of the swimming pool fund decreased \$63,445 or 6.01%.
- In the general fund, the actual revenues and other financing sources came in \$1,945,800 higher than they were in the final budget and actual expenditures and other financing uses were \$1,678,030 lower than in the final budget. Final budgeted expenditures and other financing uses were \$2,296,053 more than the original budget and final budgeted revenues and other financing sources were \$1,025,640 more than the original budget.

## CITY OF BAY VILLAGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **Using this Annual Financial Report**

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

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

#### **Reporting the City as a Whole**

##### *Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

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

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

#### **Reporting the City's Most Significant Funds**

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City did not have any fiduciary funds.

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

## CITY OF BAY VILLAGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***Governmental Funds***

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

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

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

#### ***Proprietary Funds***

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and swimming pool operations. Both of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

#### ***Notes to the Basic Financial Statements***

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

#### ***Required Supplementary Information (RSI)***

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire (OP&F) net pension liability/net pension asset, net OPEB liability/asset and the City's schedule of contributions to OPERS and OP&F.

**CITY OF BAY VILLAGE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2023 compared to 2022. Certain business-type activities amounts at December 31, 2022 have been restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	Restated 2022	2023	Restated 2022
<b>Assets</b>						
Current assets	\$ 49,208,016	\$ 45,480,496	\$ 8,213,152	\$ 1,926,724	\$ 57,421,168	\$ 47,407,220
Capital assets, net	32,549,587	32,016,015	6,809,338	11,356,496	39,358,925	43,372,511
Total assets	81,757,603	77,496,511	15,022,490	13,283,220	96,780,093	90,779,731
<b>Deferred outflows of resources</b>	9,645,715	5,354,473	661,634	224,275	10,307,349	5,578,748
<b>Liabilities</b>						
Current liabilities	10,584,537	5,407,254	112,318	126,939	10,696,855	5,534,193
Long-term liabilities:						
Due within one year	686,651	683,631	65,032	119,499	751,683	803,130
Other amounts	27,104,356	20,776,021	2,714,932	1,697,910	29,819,288	22,473,931
Total liabilities	38,375,544	26,866,906	2,892,282	1,944,348	41,267,826	28,811,254
<b>Deferred inflows of resources</b>	13,186,769	18,834,811	39,481	740,240	13,226,250	19,575,051
<b>Net Position</b>						
Net investment in capital assets	25,686,526	24,584,114	11,117,008	10,035,462	36,803,534	34,619,576
Restricted	8,881,850	3,358,302	8,228	-	8,890,078	3,358,302
Unrestricted	5,272,629	9,206,851	1,627,125	787,445	6,899,754	9,994,296
Total net position	\$ 39,841,005	\$ 37,149,267	\$ 12,752,361	\$ 10,822,907	\$ 52,593,366	\$ 47,972,174

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

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/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.

## CITY OF BAY VILLAGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$52,593,366. At year-end, net positions were \$39,841,005 and \$12,752,361 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 46.44% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, software, vehicles, intangible right to use assets, and infrastructure. Net investment in capital assets at December 31, 2023 was \$25,686,526 and \$11,117,008 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$8,890,078, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$5,272,629.

**CITY OF BAY VILLAGE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The table below shows the comparative analysis of changes in net position for 2023 compared to 2022. The beginning net position of the business-type activities has been restated as described in Note 3.

	<b>Change in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,894,016	\$ 1,947,944	\$ 3,583,599	\$ 2,770,334	\$ 5,477,615	\$ 4,718,278
Operating grants and contributions	1,620,808	1,701,954	-	-	1,620,808	1,701,954
Capital grants and contributions	<u>433,817</u>	<u>460,534</u>	<u>-</u>	<u>-</u>	<u>433,817</u>	<u>460,534</u>
Total program revenues	<u>3,948,641</u>	<u>4,110,432</u>	<u>3,583,599</u>	<u>2,770,334</u>	<u>7,532,240</u>	<u>6,880,766</u>
General revenues:						
Property taxes	9,736,869	9,227,551	-	-	9,736,869	9,227,551
Income taxes	10,675,473	10,448,432	-	-	10,675,473	10,448,432
Grants and entitlements	2,031,061	2,176,495	-	-	2,031,061	2,176,495
Investment earnings	1,468,289	(759,522)	-	-	1,468,289	(759,522)
Sale of capital assets	-	1,410,000	-	-	1,410,000	-
Miscellaneous	<u>297,772</u>	<u>270,323</u>	<u>22,665</u>	<u>635</u>	<u>320,437</u>	<u>270,958</u>
Total general revenues	<u>24,209,464</u>	<u>22,773,279</u>	<u>22,665</u>	<u>635</u>	<u>24,232,129</u>	<u>22,773,914</u>
Total revenues	<u>28,158,105</u>	<u>26,883,711</u>	<u>3,606,264</u>	<u>2,770,969</u>	<u>31,764,369</u>	<u>29,654,680</u>
<b>Expenses:</b>						
General government	4,540,646	3,230,785	-	-	4,540,646	3,230,785
Security of persons and property	11,535,587	7,678,027	-	-	11,535,587	7,678,027
Public health and welfare	398,157	240,604	-	-	398,157	240,604
Transportation	2,747,567	502,409	-	-	2,747,567	502,409
Community environment	1,264,251	1,127,104	-	-	1,264,251	1,127,104
Leisure time activity	1,442,254	431,808	-	-	1,442,254	431,808
Basic utility services	2,349,242	1,968,523	-	-	2,349,242	1,968,523
Interest and fiscal charges	251,017	136,176	-	-	251,017	136,176
Note issuance costs	-	18,198	-	-	-	18,198
Sewer	-	-	2,035,219	2,128,223	2,035,219	2,128,223
Swimming pool	<u>-</u>	<u>-</u>	<u>579,237</u>	<u>418,344</u>	<u>579,237</u>	<u>418,344</u>
Total expenses	<u>24,528,721</u>	<u>15,333,634</u>	<u>2,614,456</u>	<u>2,546,567</u>	<u>27,143,177</u>	<u>17,880,201</u>
Change in net position before transfers	3,629,384	11,550,477	991,808	224,402	4,621,192	11,774,879
Transfers	<u>(937,646)</u>	<u>(830,296)</u>	<u>937,646</u>	<u>830,296</u>	<u>-</u>	<u>-</u>
Change in net position	2,691,738	10,720,181	1,929,454	481,114	4,621,192	11,201,295
Net position at beginning of year (restated)	<u>37,149,267</u>	<u>26,429,086</u>	<u>10,822,907</u>	<u>10,341,793</u>	<u>47,972,174</u>	<u>27,179,058</u>
Net position at end of year	<u>\$ 39,841,005</u>	<u>\$ 37,149,267</u>	<u>\$ 12,752,361</u>	<u>\$ 10,822,907</u>	<u>\$ 52,593,366</u>	<u>\$ 47,972,174</u>



**CITY OF BAY VILLAGE, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Governmental Activities**

Governmental activities net position increased \$2,691,738 in 2023.

Security of persons and property, which includes police and fire department operations, accounted for \$11,355,587 or 47.03% of the total expenses of the City. Security of persons and property expenses were partially funded by \$91,821 in direct charges to users of the services. General government expenses totaled \$4,540,646 or 18.51%. General government expenses were partially funded by \$959,858 in direct charges to users of the services.

Overall, expenses of the governmental activities increased \$9,195,087 or 59.97%. The large increase was primarily the result of an increase in pension expense due to changes that occurred at the pension systems.

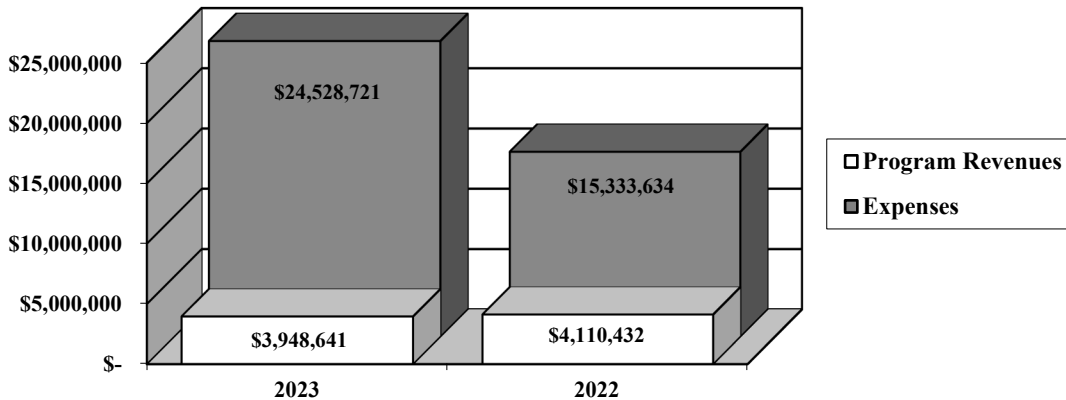
The state and federal government contributed to the City a total of \$1,620,808 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of this total, \$999,087 subsidized transportation programs.

General revenues totaled \$24,209,464. These revenues primarily consist of property and income tax revenue of \$20,412,342, as well as grants and entitlements not restricted to specific programs, including local government, making up \$2,031,061. Income taxes increased to better than anticipated income tax collection in the City. Property taxes increased due to an increase in valuations. The increase in investment earnings is the result of an increase in interest rates on the City’s investments..

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

The graph below shows total governmental expenses and the portion of those expenses offset by program revenues:

**Governmental Activities – Program Revenues vs. Total Expenses**



The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements for 2023 compared to 2022.

**CITY OF BAY VILLAGE, OHIO**

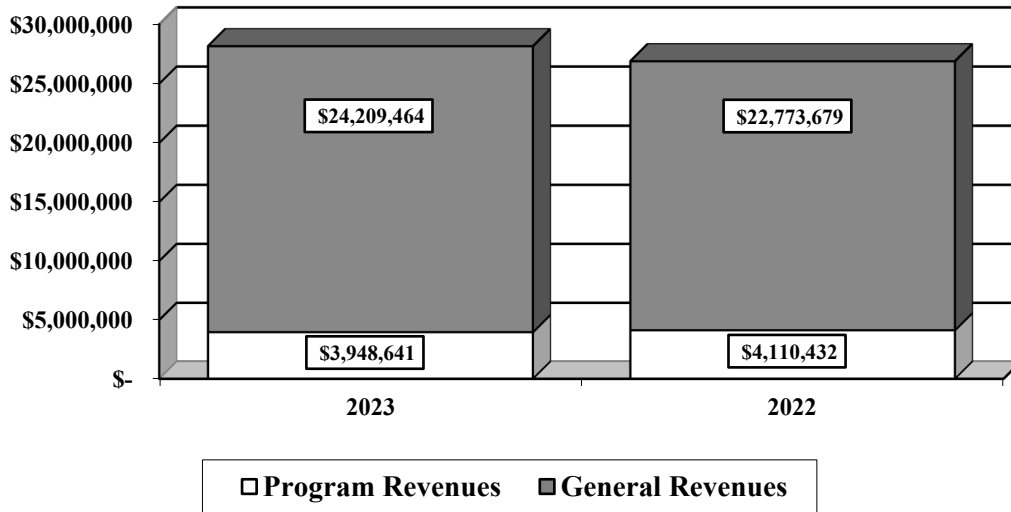
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Governmental Activities</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Program Expenses:				
General government	\$ 4,540,646	\$ 3,122,517	\$ 3,230,785	\$ 2,042,101
Security of persons and property	11,535,587	11,351,371	7,678,027	7,437,754
Public health and welfare	398,157	364,916	240,604	220,182
Transportation	2,747,567	1,308,041	502,409	(1,200,449)
Community environment	1,264,251	648,278	1,127,104	427,960
Leisure time activities	1,442,254	1,184,698	431,808	172,757
Basic utility services	2,349,242	2,349,242	1,968,523	1,968,523
Interest and fiscal charges	251,017	251,017	136,176	136,176
Issuance costs	-	-	18,198	18,198
<b>Total Expenses</b>	<b>\$ 24,528,721</b>	<b>\$ 20,580,080</b>	<b>\$ 15,333,634</b>	<b>\$ 11,223,202</b>

The dependence upon general revenues for governmental activities is apparent, with 83.90% of expenses supported through taxes and other general revenues.

The chart below illustrates the City’s program revenues versus general revenues for 2023 and 2022.

**Governmental Activities – General and Program Revenues**



**Business-Type Activities**

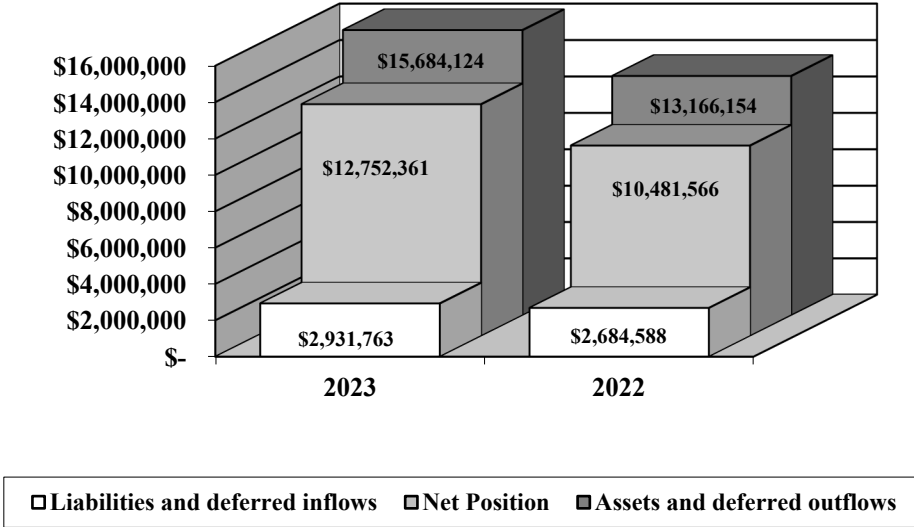
Business-type activities include the sewer, swimming pool and storm sewer maintenance enterprise funds. These programs had program revenues of \$3,583,599, transfers-in of \$937,646 and expenses of \$2,614,456 for 2023.

**CITY OF BAY VILLAGE, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

The graph below shows the business-type activities assets and deferred outflows, liabilities and deferred inflows and net position at December 31, 2023 and December 31, 2022.

**Net Position in Business – Type Activities**



**Financial Analysis of the Government’s Funds**

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

**Governmental Funds**

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

The City’s governmental funds reported a combined fund balance of \$23,581,349 which is \$1,217,737 lower than last year’s total of \$24,799,086. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2023 and 2022 for all major and non-major governmental funds.

	Fund Balances 12/31/2023	Fund Balances 12/31/2022	Change
Major funds:			
General	\$ 8,064,660	\$ 7,166,324	\$ 898,336
General obligation bond retirement	7,283,567	6,586,144	697,423
General capital improvement	(1,061,274)	3,435,159	(4,496,433)
Other nonmajor governmental funds	9,294,396	7,611,459	1,682,937
<b>Total</b>	<b>\$ 23,581,349</b>	<b>\$ 24,799,086</b>	<b>\$ (1,217,737)</b>

**CITY OF BAY VILLAGE, OHIO**

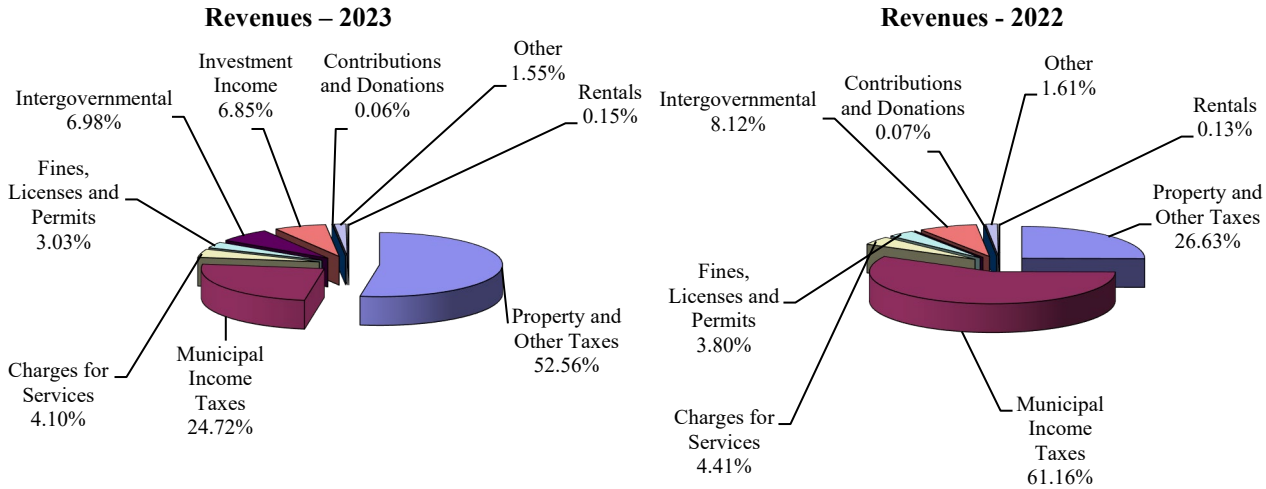
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**General Fund**

The City’s general fund balance increased \$898,336. The table that follows assists in illustrating the revenues of the general fund.

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues</b>				
Municipal income taxes	\$ 9,583,312	\$ 9,686,568	\$ (103,256)	(1.07) %
Property and other taxes	4,507,186	4,217,537	289,649	6.87 %
Charges for services	746,872	699,156	47,716	6.82 %
Fines, licenses and permits	553,230	601,826	(48,596)	(8.07) %
Intergovernmental	1,273,209	1,286,442	(13,233)	(1.03) %
Investment income	1,248,235	(940,787)	2,189,022	232.68 %
Rental income	27,980	20,865	7,115	34.10 %
Contributions and donations	10,726	11,082	(356)	100.00 %
Other	283,393	255,588	27,805	10.88 %
<b>Total</b>	<b>\$ 18,234,143</b>	<b>\$ 15,838,277</b>	<b>\$ 2,395,866</b>	<b>15.13 %</b>

Revenue of the general fund increased \$2,395,866 or 15.13%. Tax revenue (income tax, property and other taxes) represents 77.28% of all general fund revenue. Tax revenue increased 5.80% from prior year. The increase in property and other taxes was the result of an increase in valuations. Investment income increased \$2,189,022 or 232.68% due to an increase in interest rates earned on investments due to economic conditions.



**CITY OF BAY VILLAGE, OHIO**

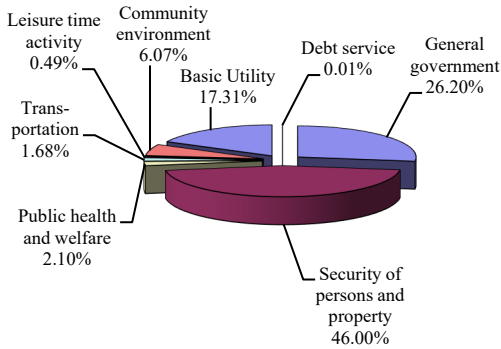
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

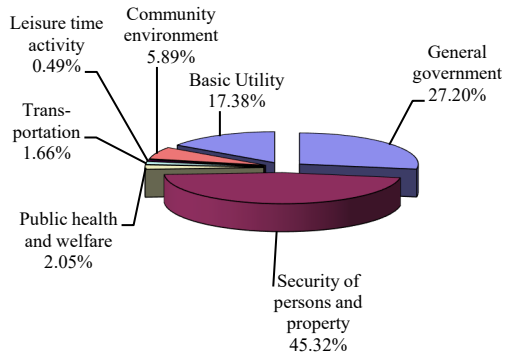
	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 3,495,429	\$ 3,430,072	\$ 65,357	1.91 %
Security of persons and property	6,137,965	5,714,016	423,949	7.42 %
Public health and welfare	280,790	258,988	21,802	8.42 %
Transportation	223,753	208,684	15,069	7.22 %
Community environment	809,307	742,513	66,794	9.00 %
Leisure time activity	65,184	62,232	2,952	4.74 %
Basic utility services	2,308,860	2,191,379	117,481	5.36 %
Capital outlay	19,321	-	19,321	100.00 %
Debt service	<u>1,476</u>	<u>576</u>	<u>900</u>	<u>156.25 %</u>
<b>Total</b>	<b><u>\$ 13,342,085</u></b>	<b><u>\$ 12,608,460</u></b>	<b><u>\$ 733,625</u></b>	<b><u>5.82 %</u></b>

General fund expenditures increased \$714,304 or 5.67%. This increase was primarily the result of the City spending more on security of persons and property in the general fund.

**Expenditures - 2023**



**Expenditures - 2022**



***Budgeting Highlights***

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

In the general fund, the actual revenues came in \$1,945,800 higher than they were in the final budget and actual expenditures and other financing uses were \$1,678,030 less than the amount in the final budget. Final budgeted expenditures and other financing uses were \$2,296,053 more than the original budget and budgeted revenues were \$1,025,640 higher from the original to the final budget.

**CITY OF BAY VILLAGE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

***American Rescue Plan Fund***

The American rescue plan fund had revenues of \$105,487 in 2023. The expenditures of the American rescue plan fund totaled \$105,487 in 2023.

***General Obligation Bond Retirement Fund***

The general obligation bond retirement fund had revenues and other financing sources of \$4,829,653 in 2023. The expenditures of the general obligation bond retirement fund totaled \$4,132,230 in 2023. The decrease in fund balance for the general obligation bond retirement fund was \$697,423 or 10.59%.

***General Capital Improvement Fund***

The general capital improvement fund had revenues and other financing sources of \$2,663,682 in 2023. The expenditures and other finance uses of the general improvement fund totaled \$7,160,115 in 2023. The net decrease in fund balance for the general capital improvement fund was \$4,496,433 or 100.31%.

***Proprietary Funds***

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

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2023, the City had \$44,948,007 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings, machinery and equipment, software, vehicles, intangible right-to-use assets, and infrastructure. Of this total, \$32,459,587 was reported in governmental activities and \$12,398,420 was reported in business-type activities.

The following table shows December 31, 2023 balances compared to December 31, 2022. Amounts at December 31, 2022 have been restated as described in Note 3.

**CITY OF BAY VILLAGE, OHIO**

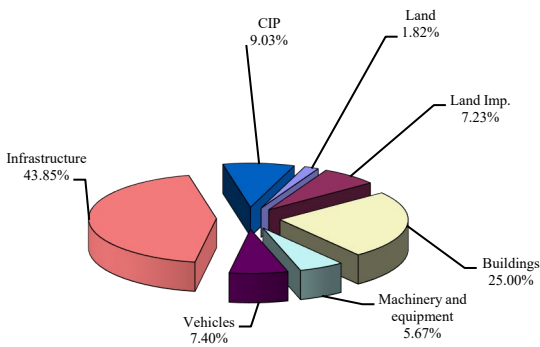
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

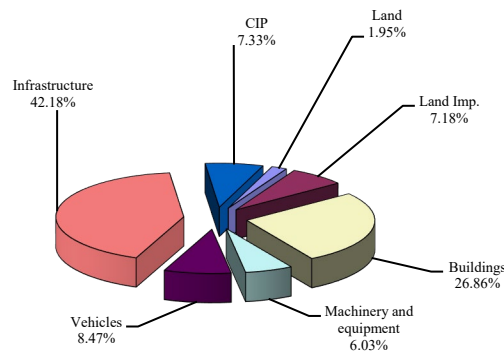
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	Restated 2022	2023	Restated 2022
Land	\$ 581,367	\$ 581,367	\$ 40,000	\$ 40,000	\$ 621,367	\$ 621,367
Construction in Progress	3,720,935	2,890,298	1,603,574	569,907	5,324,509	3,460,205
Land improvements	2,223,702	2,314,566	322,421	250,665	2,546,123	2,565,231
Buildings	7,783,074	8,003,310	5,225,150	5,521,570	13,008,224	13,524,880
Machinery and equipment	2,107,737	1,818,065	88,662	130,440	2,196,399	1,948,505
Vehicles	2,520,029	2,368,004	649,985	264,312	3,170,014	2,632,316
Intangible right to use assets						
Leased equipment	977	1,382	-	-	977	1,382
SBITAs	40,483	-	20,241	-	60,724	-
Infrastructure						
Roads	11,141,180	10,757,554	-	-	11,141,180	10,757,554
Sewer lines	-	-	4,448,387	4,579,602	4,448,387	4,579,602
Culverts	2,189,112	3,016,589	-	-	2,189,112	3,016,589
Traffic signals	240,991	264,880	-	-	240,991	264,880
<b>Totals</b>	<b>\$ 32,549,587</b>	<b>\$ 32,016,015</b>	<b>\$ 12,398,420</b>	<b>\$ 11,356,496</b>	<b>\$ 44,948,007</b>	<b>\$ 43,372,511</b>

The following graphs show the breakdown of governmental capital assets by category for 2023 and 2022.

**Capital Assets - Governmental Activities  
December 31, 2023**



**Capital Assets - Governmental Activities  
December 31, 2022**



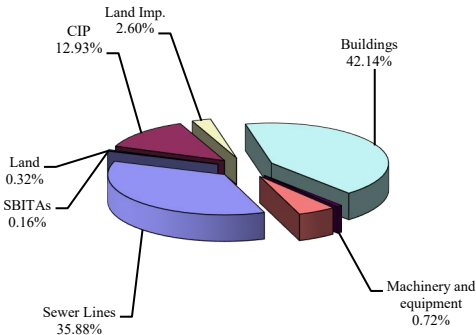
Infrastructure includes roads, culverts and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 43.85% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2023 and 2022. Amounts at December 31, 2022 have been restated as described in Note 3.

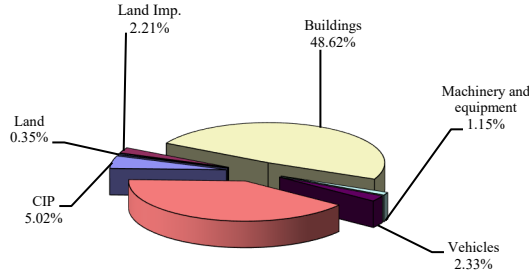
**CITY OF BAY VILLAGE, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Capital Assets - Business-Type Activities  
December 31, 2023**



**Capital Assets - Business-Type Activities  
December 31, 2022 (restated)**



The City’s largest business-type capital asset category is sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City’s sewer lines (cost less accumulated depreciation) represents approximately 35.88% of the City’s total business-type capital assets.

Further detail on the City’s capital assets can be found in Note 6 to the financial statements.

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2023 and 2022.

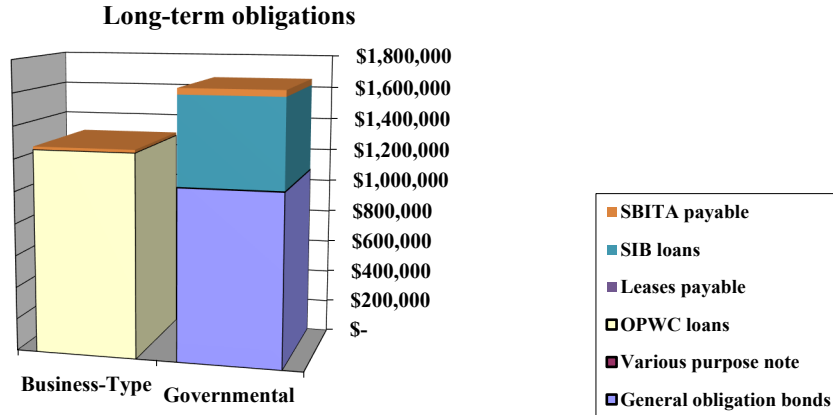
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>Restated 2022</u>
General obligation bonds	\$ 1,065,000	\$ 1,295,000
Various purpose note	-	3,591,549
OPWC loan	3,653	10,959
SIB loan	543,155	632,704
SBITA payable	38,643	-
Leases payable	704	1,249
<b>Total long-term obligations</b>	<b><u>\$ 1,651,155</u></b>	<b><u>\$ 5,531,461</u></b>
	<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>
OPWC loans	\$ 1,262,090	\$ 1,321,032
SBITA payable	19,322	-
<b>Total long-term obligations</b>	<b><u>\$ 1,281,412</u></b>	<b><u>\$ 1,321,032</u></b>

A comparison of the long-term obligations by category is depicted in the chart below.



**CITY OF BAY VILLAGE, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**



Further detail on the City’s long-term obligations can be found in Note 12 to the financial statements.

***Current Financial Related Activities***

The mission of the City of Bay Village is to continue our heritage as a desirable lakefront community by preserving and enhancing our quality of life, natural surroundings and residential character, strengthening our business environment, and striving to provide superior services in a fiscally responsible manner.

The City of Bay Village is located on the shoreline of Lake Erie. Apart from lakefront activities, the citizens of Bay Village continue to enjoy a variety of City recreational facilities which includes four parks, a swimming pool and community gym.

Other highlights:

- The City received the second tranche of American Rescue Plan funding in the amount of \$798,971 in 2022 for a total of \$1.6 million. This money is held at the end of 2023 and will be put toward the refurbishing of the City’s Fire Department building.
- The City also received \$1.2 million of American Rescue Plan funding from Cuyahoga County. These funds will be used for lakefront development and planning.
- Council passed a significant increase in sewer rates that will become effective July 1, 2023. The increased rates will help to fund construction of an equalization tank in order to remove sanitary sewer overflows as mandated by the Environmental Protection Agency. The City also received approval for a \$2.9 million construction loan and a \$651,117 engineering loan for the project.
- Council also established a Storm Sewer Maintenance Fund and began charging \$9/quarter residential and \$18/quarter commercial to be used to help fund storm water sewer projects in the City.
- A donation totaling \$416,666.76 was received from the Estate of Mary McGuire Eitzen to be used for expenses relating to the Dwyer Memorial Senior Center.

***Contacting the City’s Financial Management***

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information contact: Renee Mahoney, City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140, telephone 440-871-2200 or e-mail at [rmahoney@cityofbayvillage.com](mailto:rmahoney@cityofbayvillage.com). Other information about the City is available on our website, [www.cityofbayvillage.com](http://www.cityofbayvillage.com).

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CITY OF BAY VILLAGE, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 31,192,871	\$ 2,055,417	\$ 33,248,288
Receivables:			
Municipal income taxes	3,220,241	-	3,220,241
Property and other taxes	11,263,024	-	11,263,024
Accounts	361,579	467,083	828,662
Accrued interest	180,126	-	180,126
Special assessments	941,967	-	941,967
Intergovernmental	1,784,568	-	1,784,568
Permissive taxes	6,150	-	6,150
Materials and supplies inventory	175,627	4,810	180,437
Prepayments	123,306	1,636	124,942
Internal balance	(86,896)	86,896	-
Net pension asset	45,453	8,228	53,681
Capital assets:			
Non-depreciable/amortizable capital assets	4,302,302	1,643,574	5,945,876
Depreciable/amortizable capital assets, net	28,247,285	10,754,846	39,002,131
Total capital assets, net	<u>32,549,587</u>	<u>12,398,420</u>	<u>44,948,007</u>
Total assets	<u>81,757,603</u>	<u>15,022,490</u>	<u>96,780,093</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	85,941	-	85,941
Pension	8,254,282	576,707	8,830,989
OPEB	1,305,492	84,927	1,390,419
Total deferred outflows of resources	<u>9,645,715</u>	<u>661,634</u>	<u>10,307,349</u>
<b>Liabilities:</b>			
Accounts payable	265,505	17,103	282,608
Contracts payable	269,799	11,484	281,283
Retainage payable	66,456	-	66,456
Accrued wages and benefits payable	200,658	12,847	213,505
Intergovernmental payable	631,172	2,042	633,214
Payroll withholdings payable	26,047	-	26,047
Accrued interest payable	142,130	904	143,034
Claims payable	105,358	-	105,358
Vacation benefits payable	790,314	42,678	832,992
Note payable	5,200,000	-	5,200,000
Unearned revenue	2,887,098	25,260	2,912,358
Long-term liabilities:			
Due within one year	686,651	65,032	751,683
Due in more than one year:			
Net pension liability	23,915,601	1,380,737	25,296,338
Net OPEB liability	1,377,583	28,371	1,405,954
Other amounts due in more than one year	1,811,172	1,305,824	3,116,996
Total liabilities	<u>38,375,544</u>	<u>2,892,282</u>	<u>41,267,826</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	10,561,618	-	10,561,618
Pension	1,214,028	28,723	1,242,751
OPEB	1,411,123	10,758	1,421,881
Total deferred inflows of resources	<u>13,186,769</u>	<u>39,481</u>	<u>13,226,250</u>
<b>Net position:</b>			
Net investment in capital assets	25,686,526	11,117,008	36,803,534
Restricted for:			
Debt service	19,104	-	19,104
Capital projects	5,274,799	-	5,274,799
Permanent funds:			
Expendable	136,419	-	136,419
Nonexpendable	204,540	-	204,540
Security of persons and property programs	1,042,310	-	1,042,310
Public health and welfare programs	93,936	-	93,936
Transportation programs	1,309,068	-	1,309,068
Community environment programs	8,844	-	8,844
Leisure time activity programs	311,337	-	311,337
Pension	45,453	8,228	53,681
Other purposes	436,040	-	436,040
Unrestricted	5,272,629	1,627,125	6,899,754
Total net position	<u>\$ 39,841,005</u>	<u>\$ 12,752,361</u>	<u>\$ 52,593,366</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BAY VILLAGE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 4,540,646	\$ 959,858	\$ 458,271	\$ -
Security of persons and property	11,535,587	91,821	92,395	-
Public health and welfare	398,157	22,430	10,811	-
Transportation	2,747,567	6,622	999,087	433,817
Community environment	1,264,251	613,573	2,400	-
Leisure time activity	1,442,254	199,712	57,844	-
Basic utility services	2,349,242	-	-	-
Interest and fiscal charges	251,017	-	-	-
Total governmental activities	<u>24,528,721</u>	<u>1,894,016</u>	<u>1,620,808</u>	<u>433,817</u>
<b>Business-type activities:</b>				
Sewer	2,035,219	3,128,319	-	-
Pool	579,237	336,124	-	-
Storm sewer maintenance	-	119,156	-	-
Total business-type activities	<u>2,614,456</u>	<u>3,583,599</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,143,177</u>	<u>\$ 5,477,615</u>	<u>\$ 1,620,808</u>	<u>\$ 433,817</u>

**General revenues:**

Property and other local taxes levied for:

General purposes

Emergency Paramedic

Parks and recreation

Police Pension

Fire Pension

Debt service

Permissive taxes for street maintenance

Income taxes levied for:

General purposes

Accrued benefits

Capital projects

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

**Net position at beginning of year (restated)**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,122,517)	\$ -	\$ (3,122,517)
(11,351,371)	-	(11,351,371)
(364,916)	-	(364,916)
(1,308,041)	-	(1,308,041)
(648,278)	-	(648,278)
(1,184,698)	-	(1,184,698)
(2,349,242)	-	(2,349,242)
(251,017)	-	(251,017)
<u>(20,580,080)</u>	<u>-</u>	<u>(20,580,080)</u>
-	1,093,100	1,093,100
-	(243,113)	(243,113)
-	119,156	119,156
-	<u>969,143</u>	<u>969,143</u>
<u>(20,580,080)</u>	<u>969,143</u>	<u>(19,610,937)</u>
4,461,015	-	4,461,015
1,457,282	-	1,457,282
323,608	-	323,608
447,596	-	447,596
447,596	-	447,596
2,519,769	-	2,519,769
80,003	-	80,003
10,099,349	-	10,099,349
149,104	-	149,104
427,020	-	427,020
2,031,061	-	2,031,061
1,468,289	-	1,468,289
297,772	22,665	320,437
<u>24,209,464</u>	<u>22,665</u>	<u>24,232,129</u>
<u>(937,646)</u>	<u>937,646</u>	<u>-</u>
<u>23,271,818</u>	<u>960,311</u>	<u>24,232,129</u>
2,691,738	1,929,454	4,621,192
<u>37,149,267</u>	<u>10,822,907</u>	<u>47,972,174</u>
<u>\$ 39,841,005</u>	<u>\$ 12,752,361</u>	<u>\$ 52,593,366</u>

CITY OF BAY VILLAGE, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	General	American Rescue Plan	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in pooled cash and investments	\$ 6,080,763	\$ 2,751,188	\$ 7,170,567	\$ 4,102,588	\$ 9,588,589	\$ 29,693,695
Receivables:						
Municipal income taxes	3,091,431	-	-	128,810	-	3,220,241
Property and other taxes	5,200,644	-	2,940,481	-	3,121,899	11,263,024
Accounts	356,508	-	-	382	4,689	361,579
Accrued interest	180,126	-	-	-	-	180,126
Special assessments	536,597	-	-	-	405,370	941,967
Intergovernmental	590,599	-	185,418	260,029	745,943	1,781,989
Loans	400,000	-	-	-	-	400,000
Permissive taxes	-	-	-	-	6,150	6,150
Materials and supplies inventory	21,469	-	-	-	154,158	175,627
Prepayments	110,422	-	-	-	12,884	123,306
Total assets	<u>\$ 16,568,559</u>	<u>\$ 2,751,188</u>	<u>\$ 10,296,466</u>	<u>\$ 4,491,809</u>	<u>\$ 14,039,682</u>	<u>\$ 48,147,704</u>
<b>Liabilities:</b>						
Accounts payable	\$ 210,854	\$ -	\$ -	\$ 12,626	\$ 40,548	\$ 264,028
Contracts payable	1,326	38,733	-	160,839	68,901	269,799
Retainage payable	-	-	-	39,401	27,055	66,456
Accrued wages and benefits payable	155,521	-	-	-	45,137	200,658
Intergovernmental payable	617,172	-	-	-	14,000	631,172
Payroll withholdings payable	26,047	-	-	-	-	26,047
Loans payable	-	-	-	-	400,000	400,000
Unearned revenue	1,901	2,712,455	-	-	172,742	2,887,098
Note payable	-	-	-	5,200,000	-	5,200,000
Total liabilities	<u>1,012,821</u>	<u>2,751,188</u>	<u>-</u>	<u>5,412,866</u>	<u>768,383</u>	<u>9,945,258</u>
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year	4,889,704	-	2,750,619	-	2,921,295	10,561,618
Delinquent property tax revenue not available	135,940	-	76,862	-	81,604	294,406
Accrued interest not available	107,161	-	-	-	-	107,161
Special assessments revenue not available	32,526	-	-	-	402,333	434,859
Miscellaneous revenue not available	161,273	-	-	-	-	161,273
Income tax revenue not available	1,681,033	-	-	70,044	-	1,751,077
Intergovernmental revenue not available	483,441	-	185,418	70,173	571,671	1,310,703
Total deferred inflows of resources	<u>7,491,078</u>	<u>-</u>	<u>3,012,899</u>	<u>140,217</u>	<u>3,976,903</u>	<u>14,621,097</u>
<b>Fund balances:</b>						
Nonspendable	542,933	-	-	-	371,582	914,515
Restricted	-	-	-	-	3,724,576	3,724,576
Committed	-	-	7,283,567	-	5,537,225	12,820,792
Assigned	1,464,126	-	-	-	-	1,464,126
Unassigned (deficit)	6,057,601	-	-	(1,061,274)	(338,987)	4,657,340
Total fund balances	<u>8,064,660</u>	<u>-</u>	<u>7,283,567</u>	<u>(1,061,274)</u>	<u>9,294,396</u>	<u>23,581,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,568,559</u>	<u>\$ 2,751,188</u>	<u>\$ 10,296,466</u>	<u>\$ 4,491,809</u>	<u>\$ 14,039,682</u>	<u>\$ 48,147,704</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BAY VILLAGE, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023

<b>Total governmental fund balances</b>		\$ 23,581,349
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,549,587
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Municipal income taxes receivable	\$ 1,751,077	
Property and other taxes receivable	294,406	
Accounts receivable	161,273	
Accrued interest receivable	107,161	
Special assessments receivable	434,859	
Intergovernmental receivable	<u>1,310,703</u>	
Total		4,059,479
Two internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal services fund, including internal balance of (\$86,896) are:		1,308,024
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(142,130)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		85,941
Vacation benefits payable are not expected to be paid with expendable available resources and therefore are not reported in the funds.		(790,314)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(789,127)	
OPWC loan	(3,653)	
SIB loan	(543,155)	
Leases payable	(704)	
SBITAs payable	(38,643)	
General obligation bonds payable	(1,065,000)	
Bond premiums	<u>(57,541)</u>	
Total		(2,497,823)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows of resources - pension	8,254,282	
Deferred inflows of resources - pension	(1,214,028)	
Net pension asset	45,453	
Net pension liability	<u>(23,915,601)</u>	
Total		(16,829,894)
The net OPEB liability/asset is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,305,492	
Deferred inflows of resources	(1,411,123)	
Net OPEB liability	<u>(1,377,583)</u>	
Total		<u>(1,483,214)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 39,841,005</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	General	American Rescue Plan	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Municipal income taxes	\$ 9,583,312	\$ -	\$ -	\$ 406,550	\$ 173,891	\$ 10,163,753
Property and other taxes	4,507,186	-	2,545,874	-	2,703,798	9,756,858
Charges for services	746,872	-	-	-	210,667	957,539
Fines, licenses and permits	553,230	-	-	-	30,271	583,501
Intergovernmental	1,273,209	105,487	370,836	275,768	1,308,351	3,333,651
Special assessments	-	-	-	-	100,835	100,835
Investment income	1,248,235	-	196,188	-	29,187	1,473,610
Rental income	27,980	-	-	-	11,475	39,455
Contributions and donations	10,726	-	-	50,000	382,203	442,929
Permissive taxes	-	-	-	-	80,003	80,003
Other	283,393	-	3,653	37,876	348,173	673,095
Total revenues	<u>18,234,143</u>	<u>105,487</u>	<u>3,116,551</u>	<u>770,194</u>	<u>5,378,854</u>	<u>27,605,229</u>
<b>Expenditures:</b>						
Current:						
General government	3,495,429	105,487	-	-	78,835	3,679,751
Security of persons and property	6,137,965	-	-	-	2,750,185	8,888,150
Public health and welfare	280,790	-	-	-	22,075	302,865
Transportation	223,753	-	-	-	931,121	1,154,874
Community environment	809,307	-	-	-	299,843	1,109,150
Leisure time activity	65,184	-	-	-	1,105,026	1,170,210
Basic utility services	2,308,860	-	-	-	-	2,308,860
Capital outlay	19,321	-	-	5,477,017	215,465	5,711,803
Debt service:						
Principal retirement	545	-	3,918,404	-	-	3,918,949
Interest and fiscal charges	931	-	187,592	-	904	189,427
Note issuance costs	-	-	26,234	-	-	26,234
Total expenditures	<u>13,342,085</u>	<u>105,487</u>	<u>4,132,230</u>	<u>5,477,017</u>	<u>5,403,454</u>	<u>28,460,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,892,058</u>	<u>-</u>	<u>(1,015,679)</u>	<u>(4,706,823)</u>	<u>(24,600)</u>	<u>(855,044)</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	172	-	-	43,488	-	43,660
Transfers in	-	-	1,683,098	1,850,000	1,688,215	5,221,313
Transfers (out)	(4,013,215)	-	-	(1,683,098)	-	(5,696,313)
Premium on note issuance	-	-	30,004	-	-	30,004
SBITA transaction	19,321	-	-	-	19,322	38,643
Total other financing sources (uses)	<u>(3,993,722)</u>	<u>-</u>	<u>1,713,102</u>	<u>210,390</u>	<u>1,707,537</u>	<u>(362,693)</u>
Net change in fund balances	898,336	-	697,423	(4,496,433)	1,682,937	(1,217,737)
<b>Fund balances</b>						
at beginning of year	7,166,324	-	6,586,144	3,435,159	7,611,459	24,799,086
Fund balances (deficit) at end of year	<u>\$ 8,064,660</u>	<u>\$ -</u>	<u>\$ 7,283,567</u>	<u>\$ (1,061,274)</u>	<u>\$ 9,294,396</u>	<u>\$ 23,581,349</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BAY VILLAGE, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Net change in fund balances - total governmental funds** \$ (1,217,737)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital asset additions	\$	3,334,364	
Current year depreciation/amortization		(1,722,281)	
Total			1,612,083

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to change net position. (1,078,511)

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

Municipal income taxes		511,720	
Property and other taxes		(99,992)	
Charges for services		(225,986)	
Intergovernmental		108,353	
Special assessments		255,799	
Investment income		2,982	
Total			552,876

Proceeds of SBITAs are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. (38,643)

Repayment of bond, note, lease, and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 3,918,949

--Continued

**CITY OF BAY VILLAGE, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

In the statement of activities, interest is accrued on outstanding bonds and City owned debt, whereas in governmental funds, an interest expenditure is reported when due.

Accrued interest payable	\$ (59,972)	
Amortization of deferred amounts on refunding	(17,481)	
Amortization of bond premiums	12,093	
Total	(65,360)	\$ (65,360)

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

Pension		1,634,301
OPEB		28,796

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

Pension		(2,920,874)
OPEB		209,409

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

Compensated absences	67,222	
Vacation benefits payable	(194,210)	
Total	(126,988)	(126,988)

Two internal service funds used by management to charge the costs of insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.

183,437

**Change in net position of governmental activities**

\$ 2,691,738

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BAY VILLAGE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes	\$ 7,573,772	\$ 8,087,989	\$ 9,918,027	\$ 1,830,038
Property and other taxes	4,069,381	4,345,669	4,499,186	153,517
Charges for services	593,046	627,200	728,428	101,228
Fines, licenses and permits	589,998	614,100	583,626	(30,474)
Intergovernmental	1,183,929	1,264,311	1,344,316	80,005
Investment income	468,211	500,000	710,419	210,419
Rental income	23,668	25,275	27,980	2,705
Contributions and donations	9,364	10,000	10,976	976
Other	51,910	77,500	74,714	(2,786)
Total revenues	14,563,279	15,552,044	17,897,672	2,345,628
<b>Expenditures:</b>				
Current:				
General government	9,566,476	3,756,475	3,320,529	435,946
Security of persons and property	6,135,168	6,713,400	6,157,659	555,741
Public health and welfare	350,400	355,500	278,472	77,028
Transportation	-	262,444	224,935	37,509
Community environment	564,850	1,018,350	814,944	203,406
Leisure time activity	-	116,810	69,796	47,014
Utility services	-	2,636,753	2,315,367	321,386
Total expenditures	16,616,894	14,859,732	13,181,702	1,678,030
Excess (deficiency) of revenues over (under) expenditures	(2,053,615)	692,312	4,715,970	4,023,658
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	172	172
Advances in	543,125	580,000	180,000	(400,000)
Transfers (out)	-	(4,053,215)	(4,053,215)	-
Total other financing sources (uses)	543,125	(3,473,215)	(3,873,043)	(399,828)
Net change in fund balances	(1,510,490)	(2,780,903)	842,927	3,623,830
<b>Fund balances at beginning of year</b>	3,045,940	3,045,940	3,045,940	-
<b>Fund balance at end of year</b>	\$ 1,535,450	\$ 265,037	\$ 3,888,867	\$ 3,623,830

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BAY VILLAGE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 AMERICAN RESCUE PLAN FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 1,220,000	\$ 1,220,000	\$ -
Total revenues	<u>-</u>	<u>1,220,000</u>	<u>1,220,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government	-	1,679,786	66,754	1,613,032
Total expenditures	<u>-</u>	<u>1,679,786</u>	<u>66,754</u>	<u>1,613,032</u>
Net change in fund balances	-	(459,786)	1,153,246	1,613,032
<b>Fund balances at beginning of year</b>	<u>1,597,942</u>	<u>1,597,942</u>	<u>1,597,942</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u><u>\$ 1,597,942</u></u>	<u><u>\$ 1,138,156</u></u>	<u><u>\$ 2,751,188</u></u>	<u><u>\$ 1,613,032</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Pool	Nonmajor Enterprise Fund	Total	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and investments	\$ 1,704,651	\$ 243,981	\$ 106,785	\$ 2,055,417	\$ 1,499,176
Receivables:					
Accounts	452,765	317	14,001	467,083	-
Due from other governments	-	-	-	-	2,579
Materials and supplies inventory	4,810	-	-	4,810	-
Prepayments	1,636	-	-	1,636	-
<b>Total current assets</b>	<b>2,163,862</b>	<b>244,298</b>	<b>120,786</b>	<b>2,528,946</b>	<b>1,501,755</b>
Noncurrent assets:					
Net pension asset	6,050	2,178	-	8,228	-
Capital assets:					
Non-depreciable capital assets	1,643,574	-	-	1,643,574	-
Depreciable capital assets, net	9,798,652	956,194	-	10,754,846	-
Total capital assets, net	11,442,226	956,194	-	12,398,420	-
<b>Total noncurrent assets</b>	<b>11,448,276</b>	<b>958,372</b>	<b>-</b>	<b>12,406,648</b>	<b>-</b>
<b>Total assets</b>	<b>13,612,138</b>	<b>1,202,670</b>	<b>120,786</b>	<b>14,935,594</b>	<b>1,501,755</b>
<b>Deferred outflows of resources:</b>					
Pension	418,676	158,031	-	576,707	-
OPEB	62,447	22,480	-	84,927	-
<b>Total deferred outflows of resources</b>	<b>481,123</b>	<b>180,511</b>	<b>-</b>	<b>661,634</b>	<b>-</b>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	16,042	1,061	-	17,103	1,477
Contracts payable	11,484	-	-	11,484	-
Accrued wages and benefits payable	12,570	277	-	12,847	-
Claims payable	-	-	-	-	105,358
Intergovernmental payable	1,983	59	-	2,042	-
Accrued interest payable	904	-	-	904	-
Vacation benefits payable	42,678	-	-	42,678	-
Compensated absences payable	1,615	-	-	1,615	-
Unearned revenue	23,630	-	1,630	25,260	-
OPWC loans payable	58,942	-	-	58,942	-
SBITAs payable	4,475	-	-	4,475	-
<b>Total current liabilities</b>	<b>174,323</b>	<b>1,397</b>	<b>1,630</b>	<b>177,350</b>	<b>106,835</b>
Long-term liabilities:					
Compensated absences payable	87,829	-	-	87,829	-
OPWC loans payable	1,203,148	-	-	1,203,148	-
SBITAs payable	14,847	-	-	14,847	-
Net OPEB liability	20,861	7,510	-	28,371	-
Net pension liability	1,015,261	365,476	-	1,380,737	-
<b>Total long-term liabilities</b>	<b>2,341,946</b>	<b>372,986</b>	<b>-</b>	<b>2,714,932</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,516,269</b>	<b>374,383</b>	<b>1,630</b>	<b>2,892,282</b>	<b>106,835</b>
<b>Deferred inflows of resources:</b>					
Pension	14,712	14,011	-	28,723	-
OPEB	7,997	2,761	-	10,758	-
<b>Total deferred inflows of resources</b>	<b>22,709</b>	<b>16,772</b>	<b>-</b>	<b>39,481</b>	<b>-</b>
<b>Net position:</b>					
Net investment in capital assets	10,160,814	956,194	-	11,117,008	-
Restricted for pension	6,050	2,178	-	8,228	-
Unrestricted (deficit)	1,387,419	33,654	119,156	1,540,229	1,394,920
<b>Total net position</b>	<b>\$ 11,554,283</b>	<b>\$ 992,026</b>	<b>\$ 119,156</b>	<b>12,665,465</b>	<b>\$ 1,394,920</b>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				86,896	
Net position of business-type activities				<u>\$ 12,752,361</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BAY VILLAGE, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer</b>	<b>Pool</b>	<b>Nonmajor Enterprise Fund</b>		
<b>Operating revenues:</b>					
Charges for services	\$ 3,128,319	\$ 336,124	\$ 119,156	\$ 3,583,599	\$ 1,676,406
Other	17,414	5,251	-	22,665	45,065
Total operating revenues	<u>3,145,733</u>	<u>341,375</u>	<u>119,156</u>	<u>3,606,264</u>	<u>1,721,471</u>
<b>Operating expenses:</b>					
Personal services	602,435	201,610	-	804,045	-
Benefits	193,498	83,257	-	276,755	-
Contract services	541,792	54,110	-	595,902	33,309
Materials and supplies	105,897	26,474	-	132,371	72
Depreciation/amortization	598,054	49,553	-	647,607	-
Claims expense	-	-	-	-	1,486,305
Total operating expenses	<u>2,041,676</u>	<u>415,004</u>	<u>-</u>	<u>2,456,680</u>	<u>1,519,686</u>
Operating income (loss)	<u>1,104,057</u>	<u>(73,629)</u>	<u>119,156</u>	<u>1,149,584</u>	<u>201,785</u>
<b>Nonoperating expenses:</b>					
Interest and fiscal charges	(1,808)	-	-	(1,808)	-
Loss on disposal of capital assets	(9,500)	(164,816)	-	(174,316)	-
Total nonoperating expenses	<u>(11,308)</u>	<u>(164,816)</u>	<u>-</u>	<u>(176,124)</u>	<u>-</u>
Income (loss) before transfers and capital contributions	1,092,749	(238,445)	119,156	973,460	201,785
Transfer in	300,000	175,000	-	475,000	-
Capital contributions	<u>462,646</u>	<u>-</u>	<u>-</u>	<u>462,646</u>	<u>-</u>
Change in net position	1,855,395	(63,445)	119,156	1,911,106	201,785
<b>Net position at beginning of year (restated)</b>	<u>9,698,888</u>	<u>1,055,471</u>	<u>-</u>		<u>1,193,135</u>
<b>Net position at end of year</b>	<u>\$ 11,554,283</u>	<u>\$ 992,026</u>	<u>\$ 119,156</u>		<u>\$ 1,394,920</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>18,348</u>	
Change in net position of business-type activities.				<u>\$ 1,929,454</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer</b>	<b>Pool</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Cash received from charges for services	\$ 3,056,463	\$ 335,807	\$ 106,785	\$ 3,499,055	\$ 1,676,673
Cash received from other operations	17,414	5,251	-	22,665	42,486
Cash payments for personal services	(588,802)	(210,240)	-	(799,042)	-
Cash payments for employee services and benefits	(236,544)	(36,149)	-	(272,693)	-
Cash payments for contractual services	(547,465)	(50,606)	-	(598,071)	(33,112)
Cash payments for materials and supplies	(107,968)	(26,474)	-	(134,442)	(72)
Cash payments for claims	-	-	-	-	(1,475,953)
Net cash provided by operating activities	1,593,098	17,589	106,785	1,717,472	210,022
<b>Cash flows from noncapital financing activities:</b>					
Cash received from transfers in	300,000	175,000	-	475,000	-
Net cash provided by noncapital financing activities	300,000	175,000	-	475,000	-
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(1,276,342)	(100,789)	-	(1,377,131)	-
Principal retirement on OPWC loans	(58,942)	-	-	(58,942)	-
Interest and fiscal charges	(904)	-	-	(904)	-
Net cash used in capital and related financing activities	(1,336,188)	(100,789)	-	(1,436,977)	-
Net change in cash and investments	556,910	91,800	106,785	755,495	210,022
Cash and investments at beginning of year	1,147,741	152,181	-	1,299,922	1,289,154
Cash and investments at end of year	\$ 1,704,651	\$ 243,981	\$ 106,785	\$ 2,055,417	\$ 1,499,176

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CITY OF BAY VILLAGE, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Pool	Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 1,104,057	\$ (73,629)	\$ 119,156	\$ 1,149,584	\$ 201,785
Adjustments:					
Depreciation/amortization	598,054	49,553	-	647,607	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Materials and supplies inventory	(137)	-	-	(137)	-
Accounts receivable	(61,421)	(317)	(14,001)	(75,739)	267
Intergovernmental receivable	-	-	-	-	(2,579)
Net pension asset	3,559	1,625	-	5,184	-
Net OPEB asset	110,718	33,873	-	144,591	-
Prepayments	(354)	2,954	-	2,600	-
Deferred outflows - pension	(295,050)	(68,130)	-	(363,180)	-
Deferred outflows - OPEB	(62,195)	(11,984)	-	(74,179)	-
Accounts payable	(18,087)	(8,309)	-	(26,396)	197
Contracts payable	11,484	-	-	11,484	-
Accrued wages and benefits	1,793	197	-	1,990	-
Intergovernmental payable	(751)	32	-	(719)	-
Unearned revenue	(10,435)	-	1,630	(8,805)	-
Compensated absences payable	9,770	-	-	9,770	-
Vacation benefits payable	2,171	-	-	2,171	-
Claims payable	-	-	-	-	10,352
Net pension liability	716,723	247,311	-	964,034	-
Net OPEB liability	20,861	7,510	-	28,371	-
Deferred inflows - pension	(413,131)	(130,367)	-	(543,498)	-
Deferred inflows - OPEB	(124,531)	(32,730)	-	(157,261)	-
Net cash provided by operating activities	<u>\$ 1,593,098</u>	<u>\$ 17,589</u>	<u>\$ 106,785</u>	<u>\$ 1,717,472</u>	<u>\$ 210,022</u>

**Non-cash transactions:**

During 2023, the sewer fund received \$462,646 in capital asset from governmental activities.

During 2023, the sewer fund entered into a SBITA for \$19,322.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 1 - DESCRIPTION OF CITY AND REPORTING ENTITY**

The City of Bay Village (the “City”) was incorporated in 1908, and adopted its first charter in April, 1949. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term. Four Ward Council members are elected to 2-year terms; two At-Large Council members and the Council President are elected to 4-year terms. The Director of Law and the Director of Finance are appointed by the Mayor.

**Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police and fire protection, a street maintenance force, sanitation services, planning and zoning departments, parks and recreation system, a sewage system and a general administrative staff to provide support for the service groups. The operations of these departments do not have separate legal standing and are, therefore, included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; 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 that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the West Shore Council of Governments and Safe Air for Environment (S.A.F.E.) Council of Governments. These are jointly governed organizations and are presented in Note 14.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the City are presented as of December 31, 2023, and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the “GASB”) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

The more significant of the City's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

**B. Fund Accounting**

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

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

The following are the City's major governmental funds:

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

***American Rescue Plan fund*** - This fund is used to account for grants received under the American Rescue Plan Act (ARPA) that are restricted for allowable expenditures under the program.

***General obligation bond retirement fund*** - This fund is used to account for the accumulation of resources committed to pay debt principal, interest and related costs for general debt.

***General capital improvement fund*** - This fund is used to account for resources committed to pay for general capital outlay.

The other governmental funds of the City account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets; (b) specific revenue sources that are restricted or committed to an expenditure for specific purposes other than debt service or capital projects and (c) to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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

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

***Sewer fund*** - This fund is used to account for revenues generated from charges for sanitary sewer services provided to the residential and commercial users of the City.

***Swimming pool fund*** - This fund is used to account for revenues generated from charges for pool passes, pool programs and concession sales.

The nonmajor enterprise fund accounts for storm sewer maintenance.

***Internal Service Funds*** - Internal Service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on a self-insurance program for employee medical benefits and workers' compensation.

**C. Measurement Focus**

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

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the proprietary funds includes personnel and other expenses related to sewer and pool operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 5.B.). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5.A.). Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines, licenses and permits, interest, grants, fees and rentals.

**Unearned Revenues** - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of deposits held for various programs and grants.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 8 and 9 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 8 and 9 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

**E. 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. Interest in the pool is presented as "equity in pooled cash and investments".

During the year, the City's investments were limited to negotiable certificates of deposit, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, municipal bonds (Canton, Ohio; Cleveland, Ohio; Medina, Ohio; and Green, Ohio), a U.S. government money market and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit are reported at cost.

The City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**CITY OF BAY VILLAGE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2023 amounted to \$1,248,235, which includes \$1,102,727 assigned from other City funds.

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

**F. Inventories of Materials and Supplies**

On the government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when used.

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

**G. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are recorded as prepayments 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. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and by using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

All capital assets are depreciated/amortized except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10 - 20 years
Buildings	20 - 50 years
Machinery and equipment	5 - 20 years
Software	10 years
Vehicles	3 - 12 years
Infrastructure	20 - 50 years

The City is reporting intangible right-to-use assets related to equipment and subscription based information technology arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/SBITA term or the useful life of the underlying asset.

The City’s infrastructure consists of roads, culverts, traffic signals, and sewer lines that were acquired or constructed after December 31, 1980.

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. On fund financial statements, receivables and payables resulting from long-term interfund loans are “loans receivable/loans payable”. In the general fund, long-term interfund loans which do not represent available expendable resources are offset by a nonspendable fund balance. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

**K. Accrued Liabilities and Long-Term Obligations**

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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, net pension liability 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. Bonds and loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**L. Fund Balance**

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

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

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

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

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

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

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



**CITY OF BAY VILLAGE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**M. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. No amounts were restricted by enabling legislation. Net position restricted for other purposes primarily include the resources restricted for community house renovation, Mary McGuire Eitzen Endowment, and tennis court maintenance.

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

**N. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City.

**O. Bond Issuance Costs**

Bond issuance costs are expensed when they occur.

**P. Bond Premium**

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

**Q. Unamortized Amount on Refunding**

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources (loss) or deferred inflow of resources (gain).

**R. Interfund Activity**

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

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

## CITY OF BAY VILLAGE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

##### **S. Budgetary Process**

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

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

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

##### **T. Estimates**

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

##### **U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. The City did not have either for 2023.

##### **V. Pensions/Other Postemployment Benefits (OPEB)**

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

##### **W. Fair Value Measurements**

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

CITY OF BAY VILLAGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

X. Interest in Rocky River Wastewater Treatment Plant

An agreement among the Ohio cities of Bay Village, Fairview Park, Westlake and Rocky River (WWTP Member Cities) provides that legal title to the Rocky River Wastewater Treatment Plant is held jointly by the WWTP Member Cities as measured by a proportional allocation. See Note 13 for additional information on the Plant.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the City has implemented GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City has incorporated GASB Statement No. 96 into its financial statements.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

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

B. Deficit Fund Balances

Fund balances at December 31, 2023 included the following individual fund deficit:

	<u>Deficit</u>
<u>Nonmajor governmental funds</u>	
Private Property Maintenance	\$ 333,244

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

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

**C. Restatement of Net Position**

The beginning net position and beginning capital assets of the Sewer enterprise fund were restated from \$8,783,964 to \$9,698,888 and \$5,551,837 to \$10,286,720, respectively, due to a recalculation and different treatment of the City's relationship with the Rocky River Wastewater Treatment Plant. The investment in joint venture was restated from \$3,819,959 down to \$0. The beginning net position of the business-type activities were also restated from \$9,907,983 to \$10,822,907 for this reason.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits with Financial Institutions**

At December 31, 2023, the carrying amount of all City deposits was \$632,193 and the bank balance of all City deposits was \$878,790. Of the bank balance, \$383,355 was covered by the FDIC and the remaining was either covered by the Ohio Pooled Collateral System or exposed to custodial credit risk as described below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

Investments are reported at fair value. As of December 31, 2023, the City had the following investments:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Negotiable CDs	\$ 3,059,053	\$ 1,823,882	\$ 242,618	\$ 236,655	\$ -	\$ 755,898
FFCB	4,354,878	996,340	878,366	1,237,384	-	1,242,788
FHLB	9,110,360	2,223,107	2,255,259	1,755,303	994,720	1,881,971
FHLMC	4,407,312	-	-	1,764,264	744,577	1,898,471
FNMA	2,021,778	-	-	827,309	1,194,469	-
Municipal bonds	2,546,064	300,156	700,910	-	809,325	735,673
US Government money market	2,310,869	2,310,869	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	4,805,781	4,805,781	-	-	-	-
<b>Total</b>	<b>\$ 32,616,095</b>	<b>\$ 12,460,135</b>	<b>\$ 4,077,153</b>	<b>\$ 5,820,915</b>	<b>\$ 3,743,091</b>	<b>\$ 6,514,801</b>

The weighted average maturity of investments is 1.14 years.

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

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

**Credit Risk:** Standard & Poor's has assigned the U.S. government money market an AAAM money market rating. The City's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in Cleveland, Ohio BANs were rated A2 by Moody's and A by Standard and Poor's. The City's investments in Medina, Ohio BANs and various purpose refunding bonds were rated Aa1 by Moody's. The City's investment in Green, Ohio Community Learning Center bonds were rated AAA by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard & Poor's. The City's investments in negotiable certificates of deposits are not rated. The City's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**Concentration of Credit Risk** - The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2023:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% to Total</u>
<i>Fair value:</i>		
FFCB	\$ 4,354,878	13.35%
FHLB	9,110,360	27.93%
FHLMC	4,407,312	13.51%
FNMA	2,021,778	6.20%
Municipal bonds	2,546,064	7.81%
Negotiable CDs	3,059,053	9.38%
US Government money market	2,310,869	7.09%
<i>Amortized Cost:</i>		
STAR Ohio	<u>4,805,781</u>	<u>14.73%</u>
Total	<u>\$ 32,616,095</u>	<u>100.00%</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2023:

Cash and investments per note

Carrying amount of deposits	\$ 632,193
Investments	<u>32,616,095</u>
Total	<u>\$ 33,248,288</u>

Cash and investments per statement of net position

Governmental activities	\$ 31,192,871
Business-type activities	<u>2,055,417</u>
Total	<u>\$ 33,248,288</u>

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2023, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments and accounts (billings for user charged services and court fines).

**A. Property Taxes**

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 5 – RECEIVABLES - (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Auditor collects property taxes on behalf of all taxing districts in the County, including the City of Bay Village. 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 a deferred inflow of resources since the current taxes were not levied to finance 2023 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2023 was \$14.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 719,639,380
Commercial/industrial/mineral	12,919,920
Public utility	<u>13,647,570</u>
Total assessed value	<u><u>\$ 746,206,870</u></u>

**B. Income Tax**

The City levies a municipal income tax of one and one half percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent up to one percent of earnings for income tax paid to another municipality which reduces the effective tax rate to one half percent for such earnings.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, 94% of the annual income tax proceeds were credited to the general fund, 2% to the accrued benefits special revenue fund, a nonmajor governmental fund, and 4% to the general capital improvement fund, a major governmental fund, for 2023.

The Regional Income Tax Agency administers and collects income taxes for the City. Amounts collected are remitted to the City twice a month.



**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 5 – RECEIVABLES - (Continued)**

**C. Intergovernmental Receivables**

A summary of the governmental activities intergovernmental receivables follows:

	<u>Amount</u>
Local government	\$ 230,494
Gasoline tax	387,142
Gasoline excise tax	56,500
Motor vehicle tax	45,846
Homestead and rollback	710,215
Other	<u>354,371</u>
Total	<u><u>\$ 1,784,568</u></u>

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**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 6 - CAPITAL ASSETS**

**A. Governmental Activities**

Governmental activities capital asset activity for the year ended December 31, 2023 were as follows.

<b>Governmental activities:</b>	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>
<b><i>Capital assets, not being depreciated/amortized:</i></b>				
Land	\$ 581,367	\$ -	\$ -	\$ 581,367
Construction in progress	<u>2,890,298</u>	<u>1,957,173</u>	<u>(1,126,536)</u>	<u>3,720,935</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>3,471,665</u>	<u>1,957,173</u>	<u>(1,126,536)</u>	<u>4,302,302</u>
<b><i>Capital assets, being depreciated/amortized:</i></b>				
Land improvements	4,182,910	260,461	(216,404)	4,226,967
Buildings	13,592,232	53,732	-	13,645,964
Machinery and equipment	4,193,691	522,483	(46,404)	4,669,770
Software	47,838	-	-	47,838
Vehicles	6,680,928	614,429	(158,619)	7,136,738
Intangible right to use assets:				
Leased equipment	1,786	-	-	1,786
SBITAs	-	49,571	-	49,571
Infrastructure:				
Roads	26,371,231	929,342	-	27,300,573
Culverts	3,252,522	55,999	(833,512)	2,475,009
Traffic signals	<u>1,073,415</u>	<u>17,710</u>	<u>-</u>	<u>1,091,125</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>59,396,553</u>	<u>2,503,727</u>	<u>(1,254,939)</u>	<u>60,645,341</u>
Less accumulated depreciation/amortization:				
Land improvements	(1,868,344)	(134,921)	-	(2,003,265)
Buildings	(5,588,921)	(273,969)	-	(5,862,890)
Machinery and equipment	(2,375,627)	(205,030)	18,624	(2,562,033)
Software	(47,838)	-	-	(47,838)
Vehicles	(4,312,923)	(461,590)	157,804	(4,616,709)
Intangible right to use assets:				
Leased equipment	(404)	(405)	-	(809)
SBITAs	-	(9,088)	-	(9,088)
Infrastructure:				
Roads	(15,613,678)	(545,715)	-	(16,159,393)
Culverts	(235,933)	(49,964)	-	(285,897)
Traffic signals	<u>(808,535)</u>	<u>(41,599)</u>	<u>-</u>	<u>(850,134)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(30,852,203)</u>	<u>(1,722,281)</u>	<u>176,428</u>	<u>(32,398,056)</u>
Total capital assets being depreciated/amortized, net	<u>28,544,350</u>	<u>781,446</u>	<u>(1,078,511)</u>	<u>28,247,285</u>
Governmental activities capital assets, net	<u>\$ 32,016,015</u>	<u>\$ 2,738,619</u>	<u>\$ (2,205,047)</u>	<u>\$ 32,549,587</u>

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 6 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 137,262
Security of persons and property	396,945
Public health and welfare	46,473
Transportation	988,239
Basic utility service	32,785
Leisure time activities	111,540
Community environment	9,037
Total depreciation/amortization expense	<u>\$ 1,722,281</u>

**B. Business-Type Activities**

Business-type activities capital asset activity for the year ended December 31, 2023 were as follows. The beginning capital assets have been restated as described in Note 3.

<b>Business-type activities:</b>	Restated Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Capital assets, not being depreciated/amortized:</b>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	148,451	-	(148,451)	-
Construction in progress - WWTP	421,456	1,182,118	-	1,603,574
<i>Total capital assets, not being depreciated/amortized</i>	<u>609,907</u>	<u>1,182,118</u>	<u>(148,451)</u>	<u>1,643,574</u>
<b>Capital assets, being depreciated/amortized:</b>				
Land improvements	1,006,759	89,124	-	1,095,883
Buildings	2,253,232	64,011	-	2,317,243
Machinery and equipment	975,862	11,663	(21,115)	966,410
Vehicles	1,097,137	462,646	(23,445)	1,536,338
Buildings - WWTP	12,767,704	-	-	12,767,704
Machinery and equipment - WWTP	302,660	556	-	303,216
Vehicles - WWTP	20,639	-	-	20,639
Intangible right-to-use: SBITA	-	24,785	-	24,785
Infrastructure:				
Sewer lines	10,440,013	24,194	-	10,464,207
<i>Total capital assets, being depreciated/amortized</i>	<u>28,864,006</u>	<u>676,979</u>	<u>(44,560)</u>	<u>29,496,425</u>
Less accumulated depreciation/amortization:				
Land improvements	(756,094)	(17,368)	-	(773,462)
Buildings	(986,472)	(48,612)	-	(1,035,084)
Machinery and equipment	(896,473)	(17,544)	-	(914,017)
Vehicles	(840,392)	(75,654)	23,445	(892,601)
Buildings - WWTP	(8,512,894)	(311,819)	-	(8,824,713)
Machinery and equipment - WWTP	(251,609)	(15,338)	-	(266,947)
Vehicles - WWTP	(13,072)	(1,319)	-	(14,391)
Intangible right-to-use: SBITA	-	(4,544)	-	(4,544)
Infrastructure:				
Sewer lines	(5,860,411)	(155,409)	-	(6,015,820)
<i>Total accumulated depreciation</i>	<u>(18,117,417)</u>	<u>(647,607)</u>	<u>23,445</u>	<u>(18,741,579)</u>
Total capital assets, being depreciated/amortized, net	<u>10,746,589</u>	<u>29,372</u>	<u>(21,115)</u>	<u>10,754,846</u>
Business-type activities capital assets, net	<u>\$ 11,356,496</u>	<u>\$ 1,211,490</u>	<u>\$ (169,566)</u>	<u>\$ 12,398,420</u>

Depreciation/amortization expense was charged to the enterprise funds as follows:

Sewer	\$ 598,055
Swimming pool	<u>49,553</u>
Total depreciation expense	<u>\$ 647,608</u>

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 7 - RISK MANAGEMENT**

**A. Comprehensive**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the City contracted with U.S. Specialty Insurance (Tokio Marine) for their insurance. The types and amounts of coverage are as follows:

Type of Coverage	Coverage
Blanket Property (Building Contents), including Boiler	\$ 27,216,091
Automobile Liability, Comprehensive & Collision	1,000,000
General Liability	1,000,000/3,000,000
Public Officials Liability	1,000,000/1,000,000
Employment Practices Liability	1,000,000/1,000,000
Umbrella Liability	10,000,000
Law Enforcement Liability	1,000,000/1,000,000

There have been no significant decreases in coverage from the prior year. Also, settled claims have not exceeded commercial insurance coverage in any of the past three years.

**B. Workers' Compensation**

In 2023, the City participated in the Ohio Bureau of Workers' Compensation (BWC) retrospective rating and payment system. The rating is based on the claims experience of the prior year. The retrospective plan also involves a third party administrator for claims administration and a payment of a minimum premium for administrative services and stop-loss coverage. In 2023, the third-party administrator was Paramount Preferred Solutions. The actual claims cost for injured employees are paid to the BWC and in 2023 the City did not pay any amounts for incurred claims and claims payable of \$7,118 was calculated as of December 31, 2023.

Changes in the fund's claims liability amount in 2022 and 2023 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2023	\$ -	\$ 7,118	\$ -	\$ 7,118
2022	24,130	-	(24,130)	-

**C. Employee Health Care Benefits**

The City manages health care benefits (medical and prescription drug) on a self-insured basis using an internal service fund. A third party administrator processes and pays the claims. The City purchases stop-loss coverage to insure against catastrophic claims. An excess coverage insurance (stop-loss) policy covers claims in excess of \$75,000 per employee.

The claims liability of \$98,240 reported in the fund at December 31, 2023, was estimated by reviewing current claims and is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 7 - RISK MANAGEMENT - (Continued)**

Changes in the fund's claims liability amount in 2022 and 2023 were:

		Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2023	\$	95,006	\$ 1,479,187	\$ (1,475,953)	\$ 98,240
2022		39,548	1,545,643	(1,490,185)	95,006

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Asset and Net OPEB Liability***

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

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

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

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

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

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

**CITY OF BAY VILLAGE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	State and Local	
	Traditional	Combined
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 <b>2023 Actual Contribution Rates</b>		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
 Total Employer	 14.0 %	 14.0 %
 Employee	 10.0 %	 10.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

The City’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$724,564 for 2023. Of this amount, \$29,659 is reported as intergovernmental payable.

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

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



**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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

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

	Police	Firefighters
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2023 Actual Contribution Rates</b>		
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 \$1,020,802 for 2023. Of this amount, \$19,598 is reported as intergovernmental payable.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.03139800%	0.02188900%	0.00927900%	0.17276700%	
Proportion of the net pension liability/asset current measurement date	<u>0.03049300%</u>	<u>0.02251300%</u>	<u>0.00792200%</u>	<u>0.17147740%</u>	
Change in proportionate share	<u>-0.00090500%</u>	<u>0.00062400%</u>	<u>-0.00135700%</u>	<u>-0.00128960%</u>	
Proportionate share of the net pension liability	\$ 9,007,647	\$ -	\$ -	\$ 16,288,691	\$ 25,296,338
Proportionate share of the net pension asset	-	(53,061)	(620)	-	(53,681)
Pension expense	1,173,562	6,803	(60)	1,914,174	3,094,479

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 299,197	\$ 3,262	\$ 1,777	\$ 244,327	\$ 548,563
Net difference between projected and actual earnings on pension plan investments	2,567,463	19,338	289	2,371,430	4,958,520
Changes of assumptions	95,160	3,512	41	1,469,185	1,567,898
Changes in employer's proportionate percentage/ difference between employer contributions	7,316	-	-	3,326	10,642
Contributions subsequent to the measurement date	702,250	13,828	8,486	1,020,802	1,745,366
Total deferred outflows of resources	<u>\$ 3,671,386</u>	<u>\$ 39,940</u>	<u>\$ 10,593</u>	<u>\$ 5,109,070</u>	<u>\$ 8,830,989</u>

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ 7,583	\$ -	\$ 371,105	\$ 378,688
Changes of assumptions	-	-	-	317,625	317,625
Changes in employer's proportionate percentage/ difference between employer contributions	153,668	-	-	392,770	546,438
Total deferred inflows of resources	<u>\$ 153,668</u>	<u>\$ 7,583</u>	<u>\$ -</u>	<u>\$ 1,081,500</u>	<u>\$ 1,242,751</u>

\$1,745,366 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2024.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2024	\$ 240,766	\$ 792	\$ 292	\$ 229,784	\$ 471,634
2025	561,252	3,553	319	697,161	1,262,285
2026	755,728	4,932	322	817,580	1,578,562
2027	1,257,722	8,324	367	1,309,660	2,576,073
2028	-	(21)	208	(47,417)	(47,230)
Thereafter	-	949	599	-	1,548
Total	<u>\$ 2,815,468</u>	<u>\$ 18,529</u>	<u>\$ 2,107</u>	<u>\$ 3,006,768</u>	<u>\$ 5,842,872</u>

**Actuarial Assumptions - OPERS**

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	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 previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 13,493,153	\$ 9,007,647	\$ 5,276,509
Combined Plan	(27,691)	(53,061)	(73,167)
Member-Directed Plan	(396)	(620)	(792)

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - OP&F*

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing 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. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful live of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

*Health Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Disabled Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Contingent Annuitant Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Pre-Retirement Mortality*

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.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
<b>Total</b>	<b><u>125.00 %</u></b>	

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

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

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50%. 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.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 21,487,926	\$ 16,288,691	\$ 11,966,566

**NOTE 9 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

See Note 8 for a description of the net OPEB liability.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;



**CITY OF BAY VILLAGE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Group B* 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

*Group C* 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$5,700 for 2023. Of this amount, \$233 is reported as intergovernmental payable.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded.

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

The City’s contractually required contribution to OP&F was \$23,970 for 2023. Of this amount, \$459 is reported as intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F’s total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City’s proportion of the net OPEB liability was based on the City’s share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.03023500%	0.17276700%	
Proportion of the net OPEB liability current measurement date	<u>0.02935400%</u>	<u>0.17147740%</u>	
Change in proportionate share	<u>-0.00088100%</u>	<u>-0.00128960%</u>	
Proportionate share of the net OPEB liability	\$ 185,084	\$ 1,220,870	\$ 1,405,954
Proportionate share of the net OPEB asset	-	-	-
OPEB expense	(340,160)	73,596	(266,564)

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**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
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 72,854	\$ 72,854
Net difference between projected and actual earnings on OPEB plan investments	367,580	104,715	472,295
Changes of assumptions	180,774	608,415	789,189
Changes in employer's proportionate percentage/ difference between employer contributions	-	26,411	26,411
Contributions subsequent to the measurement date	5,700	23,970	29,670
Total deferred outflows of resources	\$ 554,054	\$ 836,365	\$ 1,390,419
	OPERS	OP&F	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 46,167	\$ 240,730	\$ 286,897
Changes of assumptions	14,874	998,572	1,013,446
Changes in employer's proportionate percentage/ difference between employer contributions	9,132	112,406	121,538
Total deferred inflows of resources	\$ 70,173	\$ 1,351,708	\$ 1,421,881

\$29,670 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	OPERS	OP&F	Total
Year Ending December 31:			
2024	\$ 53,314	\$ (44,393)	\$ 8,921
2025	132,676	(30,996)	101,680
2026	114,622	(62,514)	52,108
2027	177,569	(39,168)	138,401
2028	-	(111,859)	(111,859)
Thereafter	-	(250,383)	(250,383)
Total	\$ 478,181	\$ (539,313)	\$ (61,132)

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, 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.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

**Discount Rate** - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability/(asset)	\$ 629,937	\$ 185,084	\$ (181,995)

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of 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 the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 173,482	\$ 185,084	\$ 198,140

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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



**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

*Health Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Disabled Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Contingent Annuitant Mortality*

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. All rates are projected using the MP-2021 Improvement Scale.

*Pre-Retirement Mortality*

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 determined using a building-block approach and assumes a time horizon, as defined in 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.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
<b>Total</b>	<b>125.00 %</b>	

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

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

**Discount Rate** - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**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 one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,503,386	\$ 1,220,870	\$ 982,353

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

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, State laws, and Codified Ordinance. Employees earn vacation at different rates, depending on years of service. Vacation is accrued each pay; carryover amounts into the following year differ from various negotiated agreements. Employees who are not under a negotiated agreement and are paid by council ordinance are permitted to cash out up to three weeks of their vacation balance by year end and they are permitted to carry over up to three years to the subsequent year.

At the time of separation, an employee is entitled to payment for any earned but unused vacation within statutory limits. Overtime is paid in the period in which it is worked, except for the Police, Fire Department and Service Employees who may accumulate overtime within statutory limits and be taken as compensatory time or paid time at a future date. At the time of separation, these employees are entitled to payment for an accumulated but unused overtime.

Sick leave may be accumulated without limit. Upon retirement or death, employees are entitled to payment of any accumulated, but unused sick leave depending on how many years of service the employee had with the City; never to exceed 50% of an employee's final salary.

Permanent part-time employees, weather they are under a negotiated agreement or codified ordinance receive Paid Time Off. Up to 120 hours of Paid Time Off may be used in a one-year period. Paid Time Off is cumulative and the balance is carried into the subsequent year. Upon termination, the balance accumulated as Paid Time Off will be subject to provisions of Sick Leave and not considered as Vacation Leave.

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**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 11 - NOTES PAYABLE**

Changes in the City’s note activity for the year ended December 31, 2023, were as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2023</u>
<u>Governmental fund notes</u>				
Various purpose notes - series 2022	\$ 1,908,451		\$ (1,908,451)	\$ -
Various purpose notes - series 2023	<u>-</u>	<u>5,200,000</u>	<u>-</u>	<u>5,200,000</u>
 Total Governmental Fund Notes	 <u>\$ 1,908,451</u>	 <u>\$ 5,200,000</u>	 <u>\$ (1,908,451)</u>	 <u>\$ 5,200,000</u>

All notes were backed by the full faith and credit of the City. The note liability is reflected in the fund which received the proceeds. The notes were issued in anticipation of long-term bond financing and will be refinanced when such bonds are issued.

On June 2, 2022, the City issued Series 2022 bond anticipation notes in the amount of \$5,500,000 to help improve streets. Of this amount, \$3,591,549 has been replaced by debt that extends at least one year beyond the balance sheet date. The notes had an interest rate of 2.50% and matured on June 1, 2023. As of December 31, 2023, there were no further obligations outstanding.

On June 1, 2023, the City issued Series 2023 bond anticipation notes in the amount of \$5,200,000 to help improve streets. The notes have an interest rate of 4.50% and matured on May 30, 2024.

**NOTE 12 - LONG TERM OBLIGATIONS**

**A. Governmental activities**

The original issue date, interest rate, original issue amount and date of maturity of each of the City’s governmental activities bonds and notes follows:

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<b>Governmental activities:</b>				
<b>General obligation bonds:</b>				
Police station improvements refunding	2012	2028	2.00-4.00%	\$ 3,580,000
<b>Various purpose notes:</b>				
Various purpose notes, series 2022	2022	2023	2.50%	3,591,549
<b>OPWC:</b>				
Bradley road/Naigle road improvement	2013	2024	0.00%	73,069
<b>SIB Loan:</b>				
Columbia Road Culvert	2020	2029	3.00%	762,126

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

Changes in governmental activities long-term obligations of the City during 2023 were as follows.

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
Police station improvements - refunding	\$ 1,295,000	\$ -	\$ (230,000)	\$ 1,065,000	\$ 225,000
Unamortized premiums	69,634	-	(12,093)	57,541	-
<i>Total general obligation bonds</i>	<u>1,364,634</u>	<u>-</u>	<u>(242,093)</u>	<u>1,122,541</u>	<u>225,000</u>
<i>Various purpose notes:</i>					
Various purpose notes, series 2022	3,591,549	-	(3,591,549)	-	-
<i>Total various purpose notes</i>	<u>3,591,549</u>	<u>-</u>	<u>(3,591,549)</u>	<u>-</u>	<u>-</u>
<i>OPWC loans - direct borrowing:</i>					
Bradley road/Naigle road improvement	10,959	-	(7,306)	3,653	3,653
<i>Total OPWC loans</i>	<u>10,959</u>	<u>-</u>	<u>(7,306)</u>	<u>3,653</u>	<u>3,653</u>
<i>SIB loan - direct borrowing:</i>					
Colombia Rd Culvert	632,704	-	(89,549)	543,155	92,256
<i>Total SIB loan</i>	<u>632,704</u>	<u>-</u>	<u>(89,549)</u>	<u>543,155</u>	<u>92,256</u>
<i>Long-term obligations:</i>					
Lease payable	1,249	-	(545)	704	561
SBITA payable	-	38,643	-	38,643	8,950
Net pension liability	13,108,533	10,807,068	-	23,915,601	-
Net OPEB liability	1,893,675	161,713	(677,805)	1,377,583	-
Compensated absences	856,349	-	(67,222)	789,127	356,231
<i>Total governmental activities</i>	<u>\$ 21,459,652</u>	<u>\$ 11,007,424</u>	<u>\$ (4,676,069)</u>	<u>\$ 27,791,007</u>	<u>\$ 686,651</u>

General obligation bonds, notes, the OPWC loan and SIB loan will be paid from tax money received into the general obligation bond retirement fund.

During 2012, the City issued \$3,580,000 in Series 2012 police station improvement refunding bonds to advance refund \$3,375,000 of the Series 2003 police station improvement bonds. The reacquisition price of the Series 2012 police station improvement refunding bonds exceeded the net carrying amount of the old debt by \$289,886. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which is equal to the life of the Series 2012 issuance. This advance refunding was undertaken to reduce the combined total debt service payments by \$2,475,000 at December 31, 2018. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

On June 2, 2022, the City issued a \$5,500,000 bond anticipation note for various purpose improvements. At December 31, 2023, there were no further obligations outstanding.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

The OPWC and SIB loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

*Leases Payable* - The City has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The City has entered into lease agreements for equipment as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
FP Postage	2021	5	2025	Quarterly

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 561	\$ 15	\$ 576
2025	143	1	144
Total	<u>\$ 704</u>	<u>\$ 16</u>	<u>\$ 720</u>

*SBITA's Payable* – The City has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the SBITA's. The SBITA payments will be paid from the general fund, parks and recreation fund (a nonmajor governmental fund), and the street construction maintenance and repair fund (a nonmajor governmental fund).

The City has entered into SBITA agreements for software as follows:

<u>SBITA</u>	<u>SBITA Commencement Date</u>	<u>Years</u>	<u>SBITA End Date</u>	<u>Payment Method</u>
Brightly Software	2023	5	2027	Annually

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

The following is a schedule of future SBITA payments under the agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,950	\$ 1,977	\$ 10,927
2025	9,408	1,519	10,927
2026	9,889	1,038	10,927
2027	<u>10,396</u>	<u>532</u>	<u>10,928</u>
Total	<u>\$ 38,643</u>	<u>\$ 5,066</u>	<u>\$ 43,709</u>

Net pension liability and net OPEB liability - see Notes 8 and 9 for details.

Compensated absences will be paid from the general fund, the emergency paramedic (a nonmajor governmental fund), parks and recreation (a nonmajor governmental fund), and the street construction (a nonmajor governmental fund) funds. However, if compensated absences are paid out at termination (i.e. resignation or retirement), then the balances to which the employee is entitled are paid from the accrued benefits fund (a nonmajor governmental fund).

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2023 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>General Obligation Bonds</u>			<u>OPWC - Bradley Road/Naigle Road Improvement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 225,000	\$ 26,873	\$ 251,873	\$ 3,653	\$ -	\$ 3,653
2025	220,000	21,810	241,810	-	-	-
2026	215,000	16,310	231,310	-	-	-
2027	205,000	10,935	215,935	-	-	-
2028	<u>200,000</u>	<u>5,400</u>	<u>205,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,065,000</u>	<u>\$ 81,328</u>	<u>\$ 1,146,328</u>	<u>\$ 3,653</u>	<u>\$ -</u>	<u>\$ 3,653</u>

<u>Year Ending</u> <u>December 31,</u>	<u>SIB Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 92,256	\$ 15,611	\$ 107,867
2025	95,044	12,822	107,866
2026	97,917	9,949	107,866
2027	100,877	6,989	107,866
2028	103,926	3,939	107,865
2029	<u>53,135</u>	<u>797</u>	<u>53,932</u>
Total	<u>\$ 543,155</u>	<u>\$ 50,107</u>	<u>\$ 593,262</u>

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

**B. Business-Type Activities**

The original issue date, interest rate, original issue amount and date of maturity of each of the City’s business-type activities bonds and loans follows:

<u>Debt issue</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<b><u>Business-type activities</u></b>				
<b><i>OPWC loan:</i></b>				
Cahoon Creek Aerial Sewer Replacement	2013	2044	0.00%	\$ 1,039,232
Cahoon Road Sewer Replacement	2014	2044	0.00%	729,040

Changes in business-type activities long-term obligations of the City during 2023 were as follows.

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<i>OPWC loan - direct borrowing:</i>					
Cahoon Creek Aerial Sewer Replacement	\$ 762,099	\$ -	\$ (34,641)	\$ 727,458	\$ 34,641
Cahoon Road Sewer Replacement	558,933	-	(24,301)	534,632	24,301
SBITAs payable	-	19,322	-	19,322	4,475
Net pension liability	416,703	964,034	-	1,380,737	-
Net OPEB liability	-	28,371	-	28,371	-
Compensated absences	<u>79,674</u>	<u>10,263</u>	<u>(493)</u>	<u>89,444</u>	<u>1,615</u>
<i>Total Business-type activities</i>	<u>\$ 1,817,409</u>	<u>\$ 1,021,990</u>	<u>\$ (59,435)</u>	<u>\$ 2,779,964</u>	<u>\$ 65,032</u>

The OPWC loans will be paid with monies from the sewer enterprise fund and are used for sewer improvements. The OPWC loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county’s undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Net pension liability and net OPEB liability - see Notes 8 and 9 for details.

***SBITA’s Payable*** – The City has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the SBITA’s. The SBITA payments will be paid from the sewer fund.



**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

The City has entered into SBITA agreements for software as follows:

<u>SBITA</u>	<u>SBITA Commencement Date</u>	<u>Years</u>	<u>SBITA End Date</u>	<u>Payment Method</u>
Brightly Software	2023	5	2027	Annually

The following is a schedule of future SBITA payments under the agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,475	\$ 989	\$ 5,464
2025	4,704	759	5,463
2026	4,945	519	5,464
2027	<u>5,198</u>	<u>266</u>	<u>5,464</u>
Total	<u>\$ 19,322</u>	<u>\$ 2,533</u>	<u>\$ 21,855</u>

Compensated absences will be paid from the sewer enterprise fund. However, if compensated absences are paid out at termination (i.e. resignation or retirement), then the balances to which the employee is entitled are paid from the accrued benefits fund (a nonmajor governmental fund).

Principal and interest requirements to retire business-type activities long-term obligations outstanding at December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Business Type Activities</u>		
	<u>OPWC Loans Principal</u>	<u>OPWC Loans Interest</u>	<u>Total</u>
	2024	\$ 58,942	\$ -
2025	58,942	-	58,942
2026	58,942	-	58,942
2027	58,942	-	58,942
2028	58,942	-	58,942
2029 - 2033	294,710	-	294,710
2034 - 2038	294,710	-	294,710
2039 - 2043	294,710	-	294,710
2044	<u>83,250</u>	<u>-</u>	<u>83,250</u>
Total	<u>\$ 1,262,090</u>	<u>\$ -</u>	<u>\$ 1,262,090</u>

**CITY OF BAY VILLAGE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2023, the City's total debt margin was \$84,570,288 and the unvoted debt margin was \$41,041,378.

**NOTE 13 - INTEREST IN WASTEWATER TREATMENT PLANT**

**Rocky River Wastewater Treatment Plant**

The Rocky River Wastewater Treatment Plant (Plant) is located at 22303 Lake Road in Rocky River on land owned by that Member City. The Plant supplies participating residents of the WWTP Member Cities, with a combined population of approximately 83,373, with wastewater treatment services. The Plant is designed to treat an average daily flow of 22.5 million gallons per day (MGD) and has a primary treatment capacity of 128 MGD and a secondary treatment capacity of 45 MGD. The Plant facility was originally built in 1961 (for primary treatment) with a major expansion completed in 1985 (addition of secondary biological treatment process required by the 1972 Clean Water Act) and further expanded with a major upgrade to increase primary treatment capacity in 2000.

Pursuant to an organizing agreement, as amended from time to time, an operational structure and certain managerial guidelines for the Plant are stipulated. In addition, the organizing agreement provides that legal title to the Rocky River Wastewater Treatment Plant is held jointly by the WWTP Member Cities as measured by a proportional allocation. The bases for the allocation are 1) Plant capital assets and 2) each WWTP Member Cities' combined proportion factor related to the cost of constructing certain improvements.

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**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 13 - INTEREST IN WASTEWATER TREATMENT PLANT - (Continued)**

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

<b>Business-type activities:</b>	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Capital assets, not being depreciated/amortized:</b>				
Construction in progress	\$ 2,123,218	\$ 5,955,296	\$ -	\$ 8,078,514
<i>Total capital assets, not being depreciated/amortized</i>	<u>2,123,218</u>	<u>5,955,296</u>	<u>-</u>	<u>8,078,514</u>
<b>Capital assets, being depreciated/amortized:</b>				
Treatment plant	64,321,358	-	-	64,321,358
Equipment	1,524,747	2,801	-	1,527,548
Vehicles	103,976	-	-	103,976
<i>Total capital assets, being depreciated/amortized</i>	<u>65,950,081</u>	<u>2,801</u>	<u>-</u>	<u>65,952,882</u>
Less accumulated depreciation/amortization:				
Treatment plant	(42,886,405)	(1,570,884)	-	(44,457,289)
Equipment	(1,267,561)	(77,272)	-	(1,344,833)
Vehicles	(65,856)	(6,645)	-	(72,501)
<i>Total accumulated depreciation/amortization</i>	<u>(44,219,822)</u>	<u>(1,654,801)</u>	<u>-</u>	<u>(45,874,623)</u>
Total capital assets, being depreciated/amortized, net	<u>21,730,259</u>	<u>(1,652,000)</u>	<u>-</u>	<u>20,078,259</u>
Business-type activities capital assets, net	<u>\$ 23,853,477</u>	<u>\$ 4,303,296</u>	<u>\$ -</u>	<u>\$ 28,156,773</u>

WWTP Member Cities interest in the Plant is as follows:

WWTP Member City	Proportion Factor	Interest in the Plant
City of Bay Village	19.8499%	\$5,589,082
City of Fairview Park	16.3942%	\$4,616,078
City of Rocky River	26.3894%	\$7,430,403
City of Westlake	37.3665%	\$10,521,210
Total		\$28,156,773

The Plant's Charges for Services operating revenue consists of amounts billed to and collected from the WWTP Member Cities.

*Permitting and Compliance*

The Plant operates under authority of Ohio Environmental Protection Agency (Ohio EPA) National Pollution Discharge Elimination System (NPDES) Permit No. 3PE00009\*ND that was issued January 6, 2023 effective for the period February 1, 2023 to January 31, 2028. The United States Environmental Protection Agency regulations provide that if a Federal Water Pollution Control Act permit, including the Plant's NPDES Permit, has expired and the permitting authority (Ohio EPA) has not yet issued a new permit, the expired permit is administratively extended and kept in effect until the new permit is issued.

In addition, the Plant is regulated by the Ohio EPA to limit air contaminants generated by the anaerobic digestion process and associated control equipment. On July 27, 2021, the Ohio EPA issued Air Pollution Permit-to-Install and Operate Permit Number P0130237 effective for the period July 21, 2021 through July 27, 2031.

In 2023, the Plant received preliminary notices of non-compliance for four issues; all of which were timely reported to the Ohio EPA. As of the date of this report, no fines or penalties have been either proposed or imposed. Further, Plant management is of the opinion no fines or penalties will result from these issues.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

**A. WestShore Council of Governments**

The West Shore Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The Board is comprised of the mayor from each of the six participating entities. The Board exercises control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each city's degree of control is limited to its representation on the Board. In 2023, the City contributed \$43,042 which represents 10.28% of total contributions. Complete financial information statements can be obtained from the City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140.

The Council has established two subsidiary organizations, the West Technical Rescue Team which provides for fire protection, investigation, technical rescue, a community emergency response team and a hazardous material response team and the West Shore Enforcement Bureau which provides extra assistance to cities including a S.W.A.T team, Hazardous Devices Unit and Westshore Young Leaders.

**B. S.A.F.E. Council of Governments**

The S.A.F.E. Council of Governments was formed between municipalities to oppose changes to Cleveland Hopkins International Airport's traffic pattern. The Cities of Rocky River, Bay Village, Fairview Park, and Westlake govern by a Board consisting of the elected mayors. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

**B. Litigation**

At December 31, 2023, the City was not involved in any lawsuits that would have a material adverse effect on the City's financial position.

**NOTE 16 - COMMUNITY GYMNASIUM JOINT OPERATING AGREEMENT**

On August 13, 2001, the City entered into a contribution agreement for constructing, equipping and furnishing a Community Gymnasium and a development and use agreement with the Board of Education of the Bay Village City School District (the "School District") for the Community Gymnasium (the "Gym"). Both agreements were amended on February 25, 2002. The initial term of the agreements commenced on the first date the Gym opened for public use and ends thirty years thereafter.

The agreements include termination provisions which allow either the City or the School District to seek 100 percent usage upon request at least two years prior to the expiration of the initial term. Termination provisions require repayment of the initial contribution plus a percent of the cost of major additions. The Gym and joint use areas are owned by the School District.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 16 - COMMUNITY GYMNASIUM JOINT OPERATING AGREEMENT - (Continued)**

The development and use agreement includes provisions for capital improvement funding. Under these provisions, both the City and the School District are required to establish and maintain a community gym fund. For the first year of operation, the City and School District contributed \$6,000 and \$3,000, respectively. These amounts will increase three-percent annually and will be used for capital improvements and contracted maintenance as jointly decided.

The City is responsible for maintaining liability insurance for activities in the Gym under the City’s supervision with coverage limits not less than \$5,000,000 for bodily injury per person, \$5,000,000 for each occurrence, and \$2,000,000 excess liability umbrella insurance. The School District is responsible for fire and liability insurance. The City and School District also have additional annual obligations for housekeeping, custodial, equipment, supply and utility costs.

**NOTE 17 - INTERFUND TRANSFERS**

Transfers made during the year ended December 31, 2023 were as follows:

<b>Transfer To</b>	<b>Transfer From</b>		
<i>Governmental activities</i>	<i>Governmental Activities</i>		
	General	General Capital Improvement	Totals
General capital improvement	\$ 1,850,000	\$ -	\$ 1,850,000
General obligation bond retirement	-	1,683,098	1,683,098
Nonmajor governmental funds	1,688,215	-	1,688,215
<i>Total governmental activities</i>	<u>\$ 3,538,215</u>	<u>\$ 1,683,098</u>	<u>\$ 5,221,313</u>
<i>Business-Type Activities</i>			
Pool	\$ 175,000	\$ -	\$ 175,000
Sewer	300,000	-	300,000
Total	<u>\$ 4,013,215</u>	<u>\$ 1,683,098</u>	<u>\$ 5,696,313</u>

Transfers between governmental funds are eliminated for reporting on the statement of activities. Net transfers between governmental activities and business-type activities are reported on the statement of activities. Transfers out of the general capital improvement fund to the general obligation bond retirement fund were to retire the various purpose notes that were previously recorded as fund liabilities. The governmental activities transferred \$462,646 in capital assets that are reported as capital contributions on the statement of revenues, expenses, and changes in net position but are reported as transfers on the statement of activities. All transfers above were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 18 - LOANS RECEIVABLE/LOANS PAYABLE**

Long-term loans receivable/loans payable at December 31, 2023 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 400,000</u>

All long-term advances are not expected to be repaid within one year. Loans between governmental funds are eliminated on the government-wide financial statements.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

	<b>Net Change in Fund Balance</b>	
	<u>General fund</u>	<u>American Rescue Plan</u>
Budget basis	\$ 842,927	\$ 1,153,246
Net adjustment for revenue accruals	148,931	(1,114,513)
Net adjustment for expenditure accruals	19,803	(38,733)
Net adjustment for other financing sources/(uses)	(160,679)	-
Funds budgeted elsewhere	<u>47,354</u>	<u>-</u>
GAAP basis	<u>\$ 898,336</u>	<u>\$ -</u>

Certain funds that are legally budgeted in separate funds are considered part of the general fund on a GAAP basis. This includes the general reserve fund, general insurance fund, unclaimed monies fund, 27<sup>th</sup> Pay fund, and the employee FSA fund.

**NOTE 20 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City had no commitments for encumbrances.

**CITY OF BAY VILLAGE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**NOTE 21 - FUND BALANCE**

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

Fund balance	General	General Obligation Bond Retirement Fund	General Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 21,469	\$ -	\$ -	\$ 154,158	\$ 175,627
Prepayments	110,422	-	-	12,884	123,306
Permanent fund	-	-	-	204,540	204,540
Unclaimed monies	11,042	-	-	-	11,042
Loans	400,000	-	-	-	400,000
Total nonspendable	<u>542,933</u>	<u>-</u>	<u>-</u>	<u>371,582</u>	<u>914,515</u>
Restricted:					
Debt service	-	-	-	19,104	19,104
General government	-	-	-	510,603	510,603
Security of persons and property	-	-	-	1,520,101	1,520,101
Leisure time activities	-	-	-	586,218	586,218
Community environment	-	-	-	19,237	19,237
Transportation	-	-	-	858,095	858,095
Capital improvements	-	-	-	74,799	74,799
Permanent fund	-	-	-	136,419	136,419
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,724,576</u>	<u>3,724,576</u>
Committed:					
Capital improvements	-	-	-	4,642,978	4,642,978
Debt service	-	7,283,567	-	-	7,283,567
Leisure time activities	-	-	-	2,708	2,708
Severance	-	-	-	806,014	806,014
General government	-	-	-	13,991	13,991
Public health and welfare	-	-	-	71,534	71,534
Total committed	<u>-</u>	<u>7,283,567</u>	<u>-</u>	<u>5,537,225</u>	<u>12,820,792</u>
Assigned:					
27th pay period	80,000	-	-	-	80,000
Subsequent year appropriations	1,384,126	-	-	-	1,384,126
Total assigned	<u>1,464,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,464,126</u>
Unassigned (deficit)	6,057,601	-	(1,061,274)	(338,987)	4,657,340
Total fund balances	<u>\$ 8,064,660</u>	<u>\$ 7,283,567</u>	<u>\$ (1,061,274)</u>	<u>\$ 9,294,396</u>	<u>\$ 23,581,349</u>

**NOTE 22 - COVID-19**

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

**NOTE 23 - SUBSEQUENT EVENT**

On May 20, 2024, the City issued Street Improvement Notes, Series 2024 in the amount of \$1,350,000. The notes carry an interest rate of 4.625% and mature on June 4, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.030493%	0.031398%	0.032203%	0.032183%
City's proportionate share of the net pension liability	\$ 9,007,647	\$ 2,731,753	\$ 4,768,563	\$ 6,361,188
City's covered payroll	\$ 4,454,957	\$ 4,629,214	\$ 4,778,943	\$ 4,543,700
City's proportionate share of the net pension liability as a percentage of its covered payroll	202.19%	59.01%	99.78%	140.00%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	92.62%	86.88%	82.17%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.022513%	0.021889%	0.022917%	0.020786%
City's proportionate share of the net pension asset	\$ 53,061	\$ 86,243	\$ 66,153	\$ 43,344
City's covered payroll	\$ 104,964	\$ 99,793	\$ 101,000	\$ 92,529
City's proportionate share of the net pension asset as a percentage of its covered payroll	50.55%	86.42%	65.50%	46.84%
Plan fiduciary net position as a percentage of the total pension asset	137.14%	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.007922%	0.009279%	0.003962%	0.008673%
City's proportionate share of the net pension asset	\$ 620	\$ 1,685	\$ 722	\$ 328
City's covered payroll	\$ 53,900	\$ 58,180	\$ 23,790	\$ 51,560
City's proportionate share of the net pension asset as a percentage of its covered payroll	1.15%	2.90%	3.03%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	126.74%	171.84%	188.21%	118.84%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	0.030577%	0.029727%	0.030745%	0.030844%	0.030367%	0.030367%
\$	8,374,420	\$ 4,663,590	\$ 6,981,667	\$ 5,342,570	\$ 3,662,600	\$ 3,579,874
\$	4,139,429	\$ 3,808,308	\$ 4,018,367	\$ 3,876,767	\$ 3,729,939	\$ 3,780,308
	202.31%	122.46%	173.74%	137.81%	98.19%	94.70%
	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
	0.021083%	0.036797%	0.034789%	0.037650%	0.038143%	0.038143%
\$	23,575	\$ 50,092	\$ 19,362	\$ 18,321	\$ 14,686	\$ 4,001
\$	90,171	\$ 150,700	\$ 135,425	\$ 134,528	\$ 139,427	\$ 130,754
	26.14%	33.24%	14.30%	13.62%	10.53%	3.06%
	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%
	0.005551%	0.006774%	0.007315%	0.583800%	n/a	n/a
\$	126	\$ 236	\$ 30	\$ 2,231	n/a	n/a
\$	31,730	\$ 37,130	\$ 34,775	\$ 32,508	n/a	n/a
	0.40%	0.64%	0.09%	6.86%	n/a	n/a
	113.42%	124.45%	103.40%	103.91%	n/a	n/a

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.17147740%	0.17276700%	0.17607910%	0.18305930%
City's proportionate share of the net pension liability	\$ 16,288,691	\$ 10,793,483	\$ 12,003,470	\$ 12,331,852
City's covered payroll	\$ 4,566,365	\$ 4,796,049	\$ 4,472,343	\$ 4,297,850
City's proportionate share of the net pension liability as a percentage of its covered payroll	356.71%	225.05%	268.39%	286.93%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	75.03%	70.65%	69.89%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.18394500%	0.18219300%	0.18603500%	0.18870800%	0.17879040%	0.17879040%
\$ 15,014,773	\$ 11,182,021	\$ 11,783,294	\$ 12,139,714	\$ 9,262,088	\$ 8,707,654
\$ 4,128,207	\$ 3,802,768	\$ 3,986,252	\$ 3,826,406	\$ 3,781,102	\$ 3,098,062
363.71%	294.05%	295.60%	317.26%	244.96%	281.07%
63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 702,250	\$ 623,694	\$ 648,090	\$ 669,052
Contributions in relation to the contractually required contribution	<u>(702,250)</u>	<u>(623,694)</u>	<u>(648,090)</u>	<u>(669,052)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 5,016,071	\$ 4,454,957	\$ 4,629,214	\$ 4,778,943
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 13,828	\$ 14,695	\$ 13,971	\$ 14,140
Contributions in relation to the contractually required contribution	<u>(13,828)</u>	<u>(14,695)</u>	<u>(13,971)</u>	<u>(14,140)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 115,233	\$ 104,964	\$ 99,793	\$ 101,000
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 8,486	\$ 5,390	\$ 5,818	\$ 2,379
Contributions in relation to the contractually required contribution	<u>(8,486)</u>	<u>(5,390)</u>	<u>(5,818)</u>	<u>(2,379)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 84,860	\$ 53,900	\$ 58,180	\$ 23,790
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 636,118	\$ 579,520	\$ 495,080	\$ 482,204	\$ 465,212	\$ 447,593
<u>(636,118)</u>	<u>(579,520)</u>	<u>(495,080)</u>	<u>(482,204)</u>	<u>(465,212)</u>	<u>(447,593)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,543,700	\$ 4,139,429	\$ 3,808,308	\$ 4,018,367	\$ 3,876,767	\$ 3,729,942
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 12,954	\$ 12,624	\$ 19,591	\$ 16,251	\$ 16,123	\$ 16,731
<u>(12,954)</u>	<u>(12,624)</u>	<u>(19,591)</u>	<u>(16,251)</u>	<u>(16,123)</u>	<u>(16,731)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 92,529	\$ 90,171	\$ 150,700	\$ 135,425	\$ 134,358	\$ 139,425
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 5,156	\$ 3,173	\$ 3,713	\$ 4,173	\$ 3,901	
<u>(5,156)</u>	<u>(3,173)</u>	<u>(3,713)</u>	<u>(4,173)</u>	<u>(3,901)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 51,560	\$ 31,730	\$ 37,130	\$ 34,775	\$ 32,508	
10.00%	10.00%	10.00%	12.00%	12.00%	

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Police:</i>				
Contractually required contribution	\$ 446,365	\$ 388,595	\$ 416,908	\$ 396,136
Contributions in relation to the contractually required contribution	<u>(446,365)</u>	<u>(388,595)</u>	<u>(416,908)</u>	<u>(396,136)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,349,289	\$ 2,045,237	\$ 2,194,253	\$ 2,084,926
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ 574,437	\$ 592,465	\$ 611,422	\$ 561,043
Contributions in relation to the contractually required contribution	<u>(574,437)</u>	<u>(592,465)</u>	<u>(611,422)</u>	<u>(561,043)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,444,413	\$ 2,521,128	\$ 2,601,796	\$ 2,387,417
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 384,116	\$ 372,364	\$ 345,743	\$ 358,257	\$ 350,607	\$ 346,649
<u>(384,116)</u>	<u>(372,364)</u>	<u>(345,743)</u>	<u>(358,257)</u>	<u>(350,607)</u>	<u>(346,649)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,021,663	\$ 1,959,811	\$ 1,819,700	\$ 1,885,563	\$ 1,845,300	\$ 1,824,468
19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
\$ 534,904	\$ 509,573	\$ 466,021	\$ 493,662	\$ 465,560	\$ 459,809
<u>(534,904)</u>	<u>(509,573)</u>	<u>(466,021)</u>	<u>(493,662)</u>	<u>(465,560)</u>	<u>(459,809)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,276,187	\$ 2,168,396	\$ 1,983,068	\$ 2,100,689	\$ 1,981,106	\$ 2,255,809
23.50%	23.50%	23.50%	23.50%	23.50%	20.38%

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability/asset	0.029354%	0.030235%	0.030815%	0.030925%
City's proportionate share of the net OPEB liability/(asset)	\$ 185,084	\$ (947,005)	\$ (548,994)	\$ 4,271,546
City's covered payroll	\$ 4,613,821	\$ 4,787,187	\$ 4,903,733	\$ 4,687,789
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	4.01%	19.78%	11.20%	91.12%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	0.029314%	0.029060%	0.029909%
\$	3,821,853	\$ 3,155,702	\$ 3,020,886
\$	4,261,330	\$ 3,996,138	\$ 4,188,567
	89.69%	78.97%	72.12%
	46.33%	54.14%	54.05%

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net OPEB liability	0.17147740%	0.17276700%	0.17607910%	0.18305930%
City's proportionate share of the net OPEB liability	\$ 1,220,870	\$ 1,893,675	\$ 1,865,587	\$ 1,808,210
City's covered payroll	\$ 4,566,365	\$ 4,796,049	\$ 4,472,343	\$ 4,297,850
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.74%	39.48%	41.71%	42.07%
Plan fiduciary net position as a percentage of the total OPEB liability	52.59%	46.86%	45.42%	47.08%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.18394500%	0.18219300%	0.18603500%
\$ 1,675,101	\$ 10,322,805	\$ 8,830,663
\$ 4,128,207	\$ 3,802,768	\$ 3,986,252
40.58%	271.46%	221.53%
46.57%	14.13%	15.96%

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,700	\$ 2,156	\$ 2,327	\$ 952
Contributions in relation to the contractually required contribution	<u>(5,700)</u>	<u>(2,156)</u>	<u>(2,327)</u>	<u>(952)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll (1)	\$ 5,216,164	\$ 4,613,821	\$ 4,787,187	\$ 4,903,733
Contributions as a percentage of covered payroll	0.11%	0.05%	0.05%	0.02%

(1) The OPEB plan includes the member from the traditional plan, the combined plan and the member directed plan.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,062	\$ 1,269	\$ 41,075	\$ 83,772	\$ 80,222	\$ 77,171
<u>(2,062)</u>	<u>(1,269)</u>	<u>(41,075)</u>	<u>(83,772)</u>	<u>(80,222)</u>	<u>(77,171)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,687,789	\$ 4,261,330	\$ 3,996,138	\$ 4,188,567	\$ 4,043,633	\$ 3,869,367
0.04%	0.03%	1.03%	2.00%	1.98%	1.99%

**CITY OF BAY VILLAGE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Police:</i>				
Contractually required contribution	\$ 11,748	\$ 10,225	\$ 10,971	\$ 10,425
Contributions in relation to the contractually required contribution	<u>(11,748)</u>	<u>(10,225)</u>	<u>(10,971)</u>	<u>(10,425)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,349,289	\$ 2,045,237	\$ 2,194,253	\$ 2,084,926
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 12,222	\$ 12,606	\$ 13,009	\$ 11,937
Contributions in relation to the contractually required contribution	<u>(12,222)</u>	<u>(12,606)</u>	<u>(13,009)</u>	<u>(11,937)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,444,413	\$ 2,521,128	\$ 2,601,796	\$ 2,387,417
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,108	\$ 9,799	\$ 9,099	\$ 9,428	\$ 9,476	\$ 9,068
<u>(10,108)</u>	<u>(9,799)</u>	<u>(9,099)</u>	<u>(9,428)</u>	<u>(9,476)</u>	<u>(9,068)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,021,663	\$ 1,959,811	\$ 1,819,700	\$ 1,885,563	\$ 1,845,300	\$ 1,824,468
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
\$ 11,388	\$ 10,842	\$ 9,915	\$ 10,503	\$ 9,906	\$ 9,753
<u>(11,388)</u>	<u>(10,842)</u>	<u>(9,915)</u>	<u>(10,503)</u>	<u>(9,906)</u>	<u>(9,753)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,276,187	\$ 2,168,396	\$ 1,983,068	\$ 2,100,689	\$ 1,981,106	\$ 2,255,809
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

CITY OF BAY VILLAGE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

CITY OF BAY VILLAGE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

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*OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

(Continued)

CITY OF BAY VILLAGE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

CITY OF BAY VILLAGE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

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

City of Bay Village  
Cuyahoga County  
350 Dover Center Road  
Bay Village, Ohio 44140

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay Village, Cuyahoga County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Bay Village's basic financial statements, and have issued our report thereon dated June 24, 2024, wherein we noted as described in Note 3 to the financial statements, the City of Bay Village restated the beginning net position and beginning capital assets of the Sewer enterprise fund to account for the recalculation and treatment of the Rocky River Wastewater Treatment Plant. The beginning net position of the business-type activities were also restated.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Bay Village'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.

City of Bay Village

Cuyahoga County

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Bay Village'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 of Bay Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bay Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 24, 2024

**CITY OF BAY VILLAGE  
CUYAHOGA COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2023**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2022-001	2022	<u>Significant Deficiency – Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and related notes for the year ended December 31, 2022.	Corrective Action Taken and Finding Fully Corrected	N/A



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BAY VILLAGE**

**CUYAHOGA 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 8/13/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)