CITY OF OBERLIN
LORAIN COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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City Council
City of Oberlin
69 South Main Street
Oberlin, Ohio 44074

We have reviewed the *Independent Auditor's Report* of the City of Oberlin, Lorain County, prepared by Zupka & Associates, 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 Oberlin is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2024

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

City of Oberlin
Lorain County
69 S. Main Street
Oberlin, Ohio 44074

To the Members of City Council:

Report on 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 Oberlin, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 Oberlin as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as 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 21, 2024, on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

June 21, 2024

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The discussion and analysis of the City of Oberlin's ("the City) financial performance provides an overall review of the City's financial activities for the fiscal 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 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:

- In total, net position increased $10,580,565. Net position of governmental activities increased $846,192 from 2022. Net position of business-type activities increased $9,734,373 from 2022.
- General revenues accounted for $15.2 million in revenue or 33% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for 67% of total revenues of $45.6 million.
- The City had $15.9 million in expenses related to governmental activities; only $2.1 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of $14.7 million were adequate to provide for these programs.
- Among major funds, the general fund had $12.1 million in revenues and $12.8 million in expenditures. The general fund's fund balance, including other financing sources and uses, decreased $1,010,743 to $10,740,807.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating.

- To assess the overall health of the City, additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued growth within the City need to be considered.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for services and sales basis to recover all of the expenses of the goods or services provided. The City's water, sanitary sewer, storm water, electric, refuse and cable services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Change in Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$19,464,294	$20,976,253	$23,817,029	$22,181,967	$43,281,323	$43,158,220
Capital assets, Net	33,886,899	32,282,658	32,062,979	24,647,540	65,949,878	56,930,198
Total assets	53,351,193	53,258,911	55,880,008	46,829,507	109,231,201	100,088,418
Deferred outflows of resources	5,801,465	3,036,001	2,495,016	755,530	8,296,481	3,791,531
Net pension liability	13,156,936	6,576,127	5,155,019	1,636,266	18,311,955	8,212,393
Net OPEB liability	621,205	784,182	112,851	0	734,056	784,182
Other long-term liabilities	5,568,408	6,027,297	2,267,270	2,524,929	7,835,678	8,552,226
Other liabilities	1,380,026	1,652,104	571,273	434,268	1,951,299	2,086,372
Total liabilities	20,726,575	15,039,710	8,106,413	4,595,463	28,832,988	19,635,173
Deferred inflows of resources	2,705,970	6,381,281	511,949	2,967,285	3,217,919	9,348,566
Net position:						
Net investment in capital assets	29,793,724	27,636,348	30,397,911	22,723,787	60,191,635	50,360,135
Restricted	2,774,411	2,673,731	0	0	2,774,411	2,673,731
Unrestricted	3,151,978	4,563,842	19,358,751	17,298,502	22,510,729	21,862,344
Total net position	$35,720,113	$34,873,921	$49,756,662	$40,022,289	$85,476,775	$74,896,210

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." In 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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.

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* 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 and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

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

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

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

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

Management's Discussion and Analysis
For the Year Ended December 31, 2023 ***Unaudited***

Changes in Net position – The following table shows the changes in net position for the fiscal year 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for Services and Sales	1,562,009	$1,485,310	$20,839,332	$19,820,114	$22,401,341	$21,305,424
Operating Grants and Contributions	419,451	329,293	0	0	419,451	329,293
Capital Grants and Contributions	146,534	355,086	7,454,057	349,613	7,600,591	704,699
General revenues:						
Property Taxes	1,047,003	1,023,793	440,093	328,501	1,487,096	1,352,294
Municipal Income Taxes	9,411,462	8,701,341	0	0	9,411,462	8,701,341
Grants and Entitlements not Restricted to Specific Programs	1,236,083	951,217	0	0	1,236,083	951,217
Investment Earnings	1,473,212	(1,103,650)	0	0	1,473,212	(1,103,650)
Miscellaneous	1,554,926	1,417,595	0	0	1,554,926	1,417,595
Total revenues	16,850,680	13,159,985	28,733,482	20,498,228	45,584,162	33,658,213
Program Expenses						
Security of Persons and Property	5,418,902	4,705,591	0	0	5,418,902	4,705,591
Public Health and Welfare Services	266,957	208,274	0	0	266,957	208,274
Leisure Time Activities	1,113,426	956,825	0	0	1,113,426	956,825
Community Environment	1,904,421	826,124	0	0	1,904,421	826,124
Basic Utility Services	358,616	292,427	0	0	358,616	292,427
Transportation	1,564,959	2,168,576	0	0	1,564,959	2,168,576
General Government	5,219,915	4,099,239	0	0	5,219,915	4,099,239
Interest and Fiscal Charges	52,354	59,738	0	0	52,354	59,738
Cable	0	0	19,741	22,880	19,741	22,880
Water	0	0	1,970,339	2,013,332	1,970,339	2,013,332
Sewer	0	0	2,259,687	1,429,144	2,259,687	1,429,144
Refuse	0	0	1,081,729	671,456	1,081,729	671,456
Electric	0	0	13,497,043	12,098,827	13,497,043	12,098,827
Storm Water	0	0	275,508	454,397	275,508	454,397
Total expenses	15,899,550	13,316,794	19,104,047	16,690,036	35,003,597	30,006,830
Excess (deficiency) before Transfers	951,130	(156,809)	9,629,435	3,808,192	10,580,565	3,651,383
Transfers In (Out)	(104,938)	(71,849)	104,938	71,849	0	0
Total Change in Net Position	846,192	(228,658)	9,734,373	3,880,041	10,580,565	3,651,383
Beginning Net Position	34,873,921	35,102,579	40,022,289	36,142,248	74,896,210	71,244,827
Ending Net Position	$35,720,113	$34,873,921	$49,756,662	$40,022,289	$85,476,775	$74,896,210

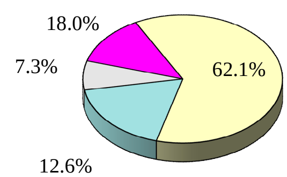
Governmental Activities

Net position of the City's governmental activities had an increase of $846,192. Much of this increase was a result of the upswing in the market in 2023 compared to 2022. As a result, many of the City's investments' market values increased. This along with a slight increase in income tax receipts were responsible for this increase.

The City also receives a municipal income tax, which is based on 2.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and municipal income taxes made up 6% and 56%, respectively, of revenues for governmental activities for the City in fiscal year 2023. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62% of total revenues from general tax revenues:

Revenue Sources	2023	Percent of Total
Grants and Entitlements not Restricted to Specific Programs	$1,236,083	7.3%
Program Revenues	2,127,994	12.6%
General Tax Revenues	10,458,465	62.1%
General Other	3,028,138	18.0%
Total Revenue	$16,850,680	100.00%



Business-Type Activities

Net position of the business-type activities increased by $9,734,373. The Electric fund netted $1.5 million in 2023 from the sale and repurchase of renewal energy credits (RECs). In addition, there were increases in user charges from 2022 to 2023. User rates in the enterprise funds, other than electric, are evaluated annually by management according to rate formulas approved by the legislative body. Changes to user rates are made annually when necessary to keep pace with increased operational and capital costs. The generation component of the electric rates is adjusted monthly to reflect changes in fuel and other variable costs. Periodic rate studies are used to adjust the remaining components of the electric rates. A recent electric rate study changed rates effective January 1, 2021. An updated electric rate study is currently underway.

The $6,586,155 construction and donation from Bio Energy-EDL of the Hillcreek electric switchyard accounts for 65.1% of the increase in the net position of the business-type activities. The switchyard is used primarily for the Bio Energy-EDL natural gas renewable energy plant on the east side of the City, and is projected to use additional electric power to convert landfill gas into renewable energy, thus increasing future net revenues for the Electric fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $16,962,487, which is a decrease from last year's balance of $17,704,427. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	$10,740,807	$11,751,550	($1,010,743)
Income Tax	1,932,374	1,424,498	507,876
Other Governmental	4,289,306	4,528,379	(239,073)
Total	$16,962,487	$17,704,427	($741,940)

General Fund – The City's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2023 Revenues	2022 Revenues	Increase (Decrease)
Taxes	$7,407,301	$6,883,899	$523,402
Intergovernmental Revenue	907,848	872,430	35,418
Charges for Services	218,051	229,568	(11,517)
Licenses and Permits	406,634	299,793	106,841
Investment Earnings	1,336,914	(1,136,016)	2,472,930
Special Assessments	1,844	3,718	(1,874)
Fines and Forfietures	536,346	541,155	(4,809)
All Other Revenue	1,296,643	1,129,109	167,534
Total	$12,111,581	$8,823,656	$3,287,925

General Fund revenues in 2023 increased by $3,287,925, a 37% increase compared to revenues in fiscal year 2022. The largest increase took place in investment earnings. The increase is attributed to the increased value of the City's investments. The City holds their securities until they mature, therefore no loss will be realized.

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
Security of Persons and Property	$4,191,810	$4,066,747	$125,063
Public Health and Welfare Services	228,195	204,234	23,961
Leisure Time Activities	902,040	878,229	23,811
Community Environment	2,850,979	882,871	1,968,108
Transportation	244,565	240,632	3,933
General Government	4,390,936	4,212,556	178,380
Total	$12,808,525	$10,485,269	$2,323,256

General Fund expenditures increased by $2,323,256 compared to the prior year mostly due to annual wage increases and other personnel and benefits increases. $2,179,213 was expended in General Fund for the purchase over 200 acres of farmland adjacent to the City limits, near the intersection of two state routes. The City intends to annex the property into the City and work with a developer to create a new industrial park to promote local job creation and grow City revenues through increased City income tax and property tax collections.

For the Income Tax Fund, the fund balance increase of $507,876 is related to the decrease in capital expenditures and transfers out from 2022 to 2023.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023, the City amended its General Fund budget several times, to adjust for various appropriations.

For the General Fund, final budget basis revenue of $10.3 million, not including other financing sources, changed slightly from the original budget. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2023, the City had $65,949,878 net of accumulated depreciation invested in land, improvements other than buildings, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, $33,886,899 was related to governmental activities and $32,062,979 to the business-type activities. The following table shows fiscal year 2023 and 2022 balances:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Land	$5,730,930	$2,598,487	$3,132,443
Construction in Progress	499,988	2,529,557	(2,029,569)
Buildings	17,525,388	17,057,895	467,493
Improvements Other Than Buildings	1,644,317	1,644,317	0
Machinery and Equipment	9,612,568	9,130,578	481,990
Infrastructure	39,899,416	38,761,064	1,138,352
Less: Accumulated Depreciation	(41,025,708)	(39,439,240)	(1,586,468)
Totals	$33,886,899	$32,282,658	$1,604,241

	Business-Type Activities		Increase (Decrease)
	2023	2022	
Land	$750,508	$722,282	$28,226
Construction in Progress	1,425,903	860,779	565,124
Buildings	15,420,012	8,678,849	6,741,163
Infrastructure	20,153,256	19,062,480	1,090,776
Improvements Other Than Buildings	3,693,577	3,513,510	180,067
Machinery and Eqiupment	24,908,965	24,240,157	668,808
Less: Accumulated Depreciation	(34,289,242)	(32,430,517)	(1,858,725)
Totals	$32,062,979	$24,647,540	$7,415,439

The governmental and business-type activities increases in capital assets were mostly related to the annual budgeted capital improvements. Additional information on the City's capital assets can be found in Note 11.

Long-Term Obligations

At December 31, 2023, the City had $3.6 million in bonds outstanding, with $620,000 being due within one year. The following table summarizes the City's long-term obligations outstanding as of December 31, 2023 and 2022:

	2023	2022
Governmental Activities:		
General Obligation Bonds	$3,635,000	$4,235,000
OPWC Loans Payable	458,175	411,310
Net Pension Liability	13,156,936	6,576,127
Net OPEB Liability	621,205	784,182
Compensated Absences	1,475,233	1,380,987
Total Governmental Activities	19,346,549	13,387,606
Business-Type Activities:		
OWDA Loans Payable	$1,665,063	$1,923,753
Net Pension Liability	5,155,019	1,636,266
Net OPEB Liability	112,851	0
Compensated Absences	602,207	601,176
Total Business-Type Activities	7,535,140	4,161,195
Totals	$26,881,689	$17,548,801

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the County, is limited to ten mills. At December 31, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 16.

ECONOMIC FACTORS

The City's original budget for 2023 utilized conservative revenue estimates with increases in base operating costs. Expenditures were projected to exceed revenues in some of the funds, including the General Fund. City Council decided they wanted to maintain current service levels to the residents of the City by utilizing reserve fund balances. Original General Fund 2023 revenues were projected to be 1.4% more than the actual receipts for 2022. This was due primarily to conservative based budgeting.

General Fund 2023 expenditures were originally budgeted at 9% more than 2022 actual expenditures. Actual expenditures were higher than anticipated largely due to the non-financed capital expenditures mostly related to the purchase of over 200 acres of farmland as described below.

In 2022, with a downpayment in 2022 and final payment in 2023, the City took advantage of a rare opportunity to purchase over 200 acres of farmland adjacent to the City limits, near the intersection of two state routes. In 2024 the City has annexed part of the property and intends to annex the remainder of the property in 2024 into the City and work with a developer to create a new industrial park to promote local job creation and grow City revenues through increased City income tax and property tax collections. The property is currently leased to a local farmer until the City has developed a formal development plan for the property.

City Council continues to pursue securing existing, and establishing new, revenue sources, while also focusing on reducing expenditures and continuing the community's commitment towards environmental sustainability. City Council continues to maintain the fiscal stability of the City by utilizing a conservative approach towards budgeting and keeping a close watch on economic conditions. The City's conservative approach and sound financial management has allowed the City government to financially sustain any lagging effects of the pandemic. The City continues to monitor its finances, and in the case of an economic downturn, is prepared to modify operations accordingly.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Director, Sal Talarico, by calling 440-775-7210 or writing to City of Oberlin Finance Department, 69 South Main Street, Oberlin, Ohio 44074.

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Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	$ 16,173,580	$ 20,016,815	$ 36,190,395
Receivables:			
Taxes	3,021,317	402,074	3,423,391
Accounts	46,546	1,494,978	1,541,524
Intergovernmental	456,780	17,414	474,194
Interest	247,182	0	247,182
Special Assessments	11,429	3,176	14,605
Loans	165,348	0	165,348
Lease	141,358	0	141,358
Internal Balances	(1,100,646)	1,100,646	0
Inventory of Supplies at Cost	108,641	566,026	674,667
Prepaid Items	192,759	82,473	275,232
Capital Assets:			
Capital Assets Not Being Depreciated	6,230,918	2,176,411	8,407,329
Capital Assets Being Depreciated, Net	27,655,981	29,886,568	57,542,549
Investment in Joint Venture	0	133,427	133,427
Total Assets	53,351,193	55,880,008	109,231,201
Deferred Outflows of Resources:			
Pension	4,978,279	2,160,672	7,138,951
OPEB	823,186	334,344	1,157,530
Total Deferred Outflows of Resources	5,801,465	2,495,016	8,296,481
Liabilities:			
Accounts Payable	421,018	467,186	888,204
Accrued Wages and Benefits	150,049	104,087	254,136
Intergovernmental Payable	161,447	0	161,447
Due to Others	131,988	0	131,988
Unearned Revenue	511,734	0	511,734
Accrued Interest Payable	3,790	0	3,790
Long-Term Liabilities:			
Due Within One Year	1,204,756	503,104	1,707,860
Net Pension Liability	13,156,936	5,155,019	18,311,955
Net OPEB Liability	621,205	112,851	734,056
Due in More Than One Year	4,363,652	1,764,166	6,127,818
Total Liabilities	20,726,575	8,106,413	28,832,988

(Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	1,163,100	371,364	1,534,464
Pension	770,314	103,366	873,680
OPEB	631,198	37,219	668,417
Deferred Revenue - Lease Revenue	141,358	0	141,358
Total Deferred Inflows of Resources	2,705,970	511,949	3,217,919
Net Position:			
Net Investment in Capital Assets	29,793,724	30,397,911	60,191,635
Restricted For:			
Capital Projects	1,670,595	0	1,670,595
Debt Service	271,700	0	271,700
Other Purposes	832,116	0	832,116
Unrestricted	3,151,978	19,358,751	22,510,729
Total Net Position	$ 35,720,113	$ 49,756,662	$ 85,476,775

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 5,418,902	$ 96,550	$ 90,035	$ 0
Public Health and Welfare Services	266,957	39,400	0	0
Leisure Time Activities	1,113,426	24,710	0	0
Community Environment	1,904,421	191,369	0	0
Basic Utility Services	358,616	1,527	0	0
Transportation	1,564,959	13,919	329,416	146,534
General Government	5,219,915	1,194,534	0	0
Interest and Fiscal Charges	52,354	0	0	0
Total Governmental Activities	15,899,550	1,562,009	419,451	146,534
Business-Type Activities:				
Cable	19,741	10,414	0	0
Water	1,970,339	2,204,033	0	362,674
Sewer	2,259,687	1,742,597	0	504,795
Refuse	1,081,729	1,139,138	0	0
Electric	13,497,043	15,319,258	0	6,586,155
Storm Water	275,508	423,892	0	433
Total Business-Type Activities	19,104,047	20,839,332	0	7,454,057
Totals	$ 35,003,597	$ 22,401,341	$ 419,451	$ 7,600,591

General Revenues

Property Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (5,232,317)	$ 0	$ (5,232,317)
(227,557)	0	(227,557)
(1,088,716)	0	(1,088,716)
(1,713,052)	0	(1,713,052)
(357,089)	0	(357,089)
(1,075,090)	0	(1,075,090)
(4,025,381)	0	(4,025,381)
(52,354)	0	(52,354)
(13,771,556)	0	(13,771,556)
0	(9,327)	(9,327)
0	596,368	596,368
0	(12,295)	(12,295)
0	57,409	57,409
0	8,408,370	8,408,370
0	148,817	148,817
0	9,189,342	9,189,342
(13,771,556)	9,189,342	(4,582,214)
1,047,003	440,093	1,487,096
9,411,462	0	9,411,462
1,236,083	0	1,236,083
1,473,212	0	1,473,212
1,554,926	0	1,554,926
(104,938)	104,938	0
14,617,748	545,031	15,162,779
846,192	9,734,373	10,580,565
34,873,921	40,022,289	74,896,210
$ 35,720,113	$ 49,756,662	$ 85,476,775

Balance Sheet
Governmental Funds
December 31, 2023

	General	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$ 9,620,526	$ 1,484,454	$ 4,930,494	$ 16,035,474
Receivables:				
Taxes	1,939,291	499,033	582,993	3,021,317
Accounts	46,546	0	0	46,546
Intergovernmental	272,768	0	184,012	456,780
Interest	247,182	0	0	247,182
Special Assessments	10,996	433	0	11,429
Loans	4,322	0	161,026	165,348
Leases	141,358	0	0	141,358
Interfund Loans Receivables	36,300	0	0	36,300
Inventory of Supplies, at Cost	10,893	0	97,748	108,641
Prepaid Items	125,983	6,796	57,840	190,619
Total Assets	$ 12,456,165	$ 1,990,716	$ 6,014,113	$ 20,460,994
Liabilities:				
Accounts Payable	225,150	57,909	107,043	390,102
Accrued Wages and Benefits Payable	84,973	0	59,708	144,681
Intergovernmental Payable	161,447	0	0	161,447
Due to Others	0	0	131,988	131,988
Interfund Loans Payable	0	0	36,300	36,300
Deferred Revenue - Lease Revenue	141,358	0	0	141,358
Unearned Revenue	0	0	511,734	511,734
Total Liabilities	612,928	57,909	846,773	1,517,610
Deferred Inflows of Resources:				
Unavailable Amounts	492,704	433	324,660	817,797
Property Tax for Next Fiscal Year	609,726	0	553,374	1,163,100
Total Deferred Inflows of Resources	1,102,430	433	878,034	1,980,897
Fund Balances:				
Nonspendable	136,876	6,796	182,847	326,519
Restricted	0	0	2,566,665	2,566,665
Committed	808,227	1,925,578	1,581,646	4,315,451
Assigned	3,259,360	0	1,531	3,260,891
Unassigned	6,536,344	0	(43,383)	6,492,961
Total Fund Balances	10,740,807	1,932,374	4,289,306	16,962,487
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 12,456,165	$ 1,990,716	$ 6,014,113	$ 20,460,994

See accompanying notes to the basic financial statements

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2023

Total Governmental Fund Balances		$ 16,962,487
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		31,385,519
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenues in the funds.		
Delinquent Property Taxes	76,887	
Charges for Services	165,347	
Interest Revenues	236,873	
Special Assessments	11,429	
Intergovernmental	327,261	817,797
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	4,882,762	
Deferred Inflows - Pension	(765,733)	
Deferred Outflows - OPEB	808,375	
Deferred Inflows - OPEB	(629,550)	
Net Pension Liability	(12,928,584)	
Net OEPB Liability	(616,206)	(9,248,936)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds, it is reported when due.		(3,790)
Internal service funds are used by management to charge the costs of servicing vehicles and purchasing office supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,348,726
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(3,635,000)	
Ohio Public Works Commission Loan Payable	(458,175)	
Compensated Absences Payable	(1,448,515)	(5,541,690)
Net Position of Governmental Activities		$ 35,720,113

See accompanying notes to the basic financial statements

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

	General	Income Tax	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$ 631,134	$ 0	$ 404,399	$ 1,035,533
Municipal Income Tax	6,776,167	2,635,295	0	9,411,462
Intergovernmental Revenues	907,848	31,245	848,745	1,787,838
Charges for Services	218,051	0	2,645	220,696
Licenses and Permits	406,634	0	0	406,634
Investment Earnings	1,336,914	0	3,330	1,340,244
Special Assessments	1,844	126	13,790	15,760
Fines and Forfeitures	536,346	0	70,599	606,945
All Other Revenue	1,296,643	256,568	317,218	1,870,429
Total Revenues	12,111,581	2,923,234	1,660,726	16,695,541
Expenditures:				
Current:				
Security of Persons and Property	4,191,810	0	440,658	4,632,468
Public Health and Welfare Services	228,195	0	0	228,195
Leisure Time Activities	902,040	0	0	902,040
Community Environment	2,850,979	0	0	2,850,979
Basic Utility Services	0	0	298,459	298,459
Transportation	244,565	0	530,428	774,993
General Government	4,390,936	0	665,675	5,056,611
Capital Outlay	0	1,193,757	806,057	1,999,814
Debt Service:				
Principal Retirement	0	0	644,579	644,579
Interest & Fiscal Charges	0	0	52,979	52,979
Total Expenditures	12,808,525	1,193,757	3,438,835	17,441,117
Excess (Deficiency) of Revenues Over Expenditures	(696,944)	1,729,477	(1,778,109)	(745,576)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,175	7,175
OPWC Loans Issued	0	0	91,444	91,444
Transfers In	0	0	1,450,514	1,450,514
Transfers Out	(316,510)	(1,221,601)	(14,341)	(1,552,452)
Total Other Financing Sources (Uses)	(316,510)	(1,221,601)	1,534,792	(3,319)
Net Change in Fund Balances	(1,013,454)	507,876	(243,317)	(748,895)
Fund Balances at Beginning of Year	11,751,550	1,424,498	4,528,379	17,704,427
Increase in Inventory Reserve	2,711	0	4,244	6,955
Fund Balances at End of Year	$ 10,740,807	$ 1,932,374	$ 4,289,306	$ 16,962,487

See accompanying notes to the basic financial statements

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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		$	(748,895)
Amounts reported for governmental activities in the statement of activities are different because			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			
Capital Outlay	3,800,924		
Depreciation	(2,096,645)		1,704,279
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.			(14,878)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Delinquent Property Taxes	11,470		
Charges for Services	(11,383)		
Special Assessments	679		
Interest	132,968		
Intergovernmental	14,230		147,964
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:			
Pension	920,818		
OPEB	9,837		930,655
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:			
Pension	(1,747,962)		
OPEB	235,490		(1,512,472)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
General Obligation Bonds Principal	600,000		
OPWC Loan Principal	44,579		
OPWC Loan Issued	(91,444)		553,135

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Accrued Interest Payable		625
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Supplies Inventory	6,955	
Increase in Compensated Absences Payable	(91,852)	(84,897)
The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(129,324)
Change in Net Position of Governmental Activities		$ 846,192

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 634,916	$ 634,916	$ 631,134	$ (3,782)
Municipal Income Tax	5,914,000	5,914,000	6,804,562	890,562
Intergovernmental Revenue	1,009,899	1,009,899	915,503	(94,396)
Charges for Services	175,000	177,500	220,824	43,324
Licenses and Permits	229,700	229,700	406,634	176,934
Investment Earnings	306,000	306,000	514,654	208,654
Special Assessments	1,000	1,000	1,844	844
Fines and Forfeitures	685,000	685,000	536,312	(148,688)
All Other Revenues	1,045,228	1,072,024	1,092,643	20,619
Total Revenues	10,000,743	10,030,039	11,124,110	1,094,071
Expenditures:				
Current:				
Security of Persons and Property	4,471,348	4,521,241	4,271,580	249,661
Public Health and Welfare Services	242,805	244,844	229,718	15,126
Leisure Time Activities	1,038,731	1,038,731	939,301	99,430
Community Environment	3,142,972	3,142,972	2,944,359	198,613
Transportation	254,491	254,491	244,725	9,766
General Government	5,443,071	5,518,869	4,728,232	790,637
Total Expenditures	14,593,418	14,721,148	13,357,915	1,363,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,592,675)	(4,691,109)	(2,233,805)	2,457,304
Other Financing Sources (Uses):				
Transfers Out	(675,293)	(675,293)	(316,510)	358,783
Advances In	250,000	250,000	50,090	(199,910)
Advances Out	(250,000)	(250,000)	(36,300)	213,700
Total Other Financing Sources (Uses):	(675,293)	(675,293)	(302,720)	372,573
Net Change In Fund Balance	(5,267,968)	(5,366,402)	(2,536,525)	2,829,877
Fund Balance at Beginning of Year	8,019,863	8,019,863	8,019,863	0
Prior Year Encumbrances	3,161,061	3,161,061	3,161,061	0
Fund Balance at End of Year	$ 5,912,956	$ 5,814,522	$ 8,644,399	$ 2,829,877

See accompanying notes to the basic financial statements

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Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Assets:				
Current Assets:				
Equity in Pooled Cash and Investments	$ 1,628,923	$ 3,518,931	$ 12,261,867	$ 1,133,720
Receivables:				
Taxes	0	0	0	402,074
Accounts	173,334	136,861	1,090,640	90,014
Intergovernmental	0	0	0	17,414
Special Assessments	1,227	1,516	0	0
Inventory of Supplies at Cost	28,046	7,180	530,800	0
Prepaid Items	17,965	14,623	41,595	5,732
Total Current Assets	1,849,495	3,679,111	13,924,902	1,648,954
Non Current Assets:				
Capital Assets, Net	10,123,830	7,999,159	10,834,040	838,573
Investment in Joint Venture	0	0	133,427	0
Total Assets	11,973,325	11,678,270	24,892,369	2,487,527
Deferred Outflows of Resources:				
Pension	501,394	418,705	1,009,935	141,803
OPEB	77,484	64,892	156,286	21,953
Total Deferred Outflows of Resources	578,878	483,597	1,166,221	163,756
Liabilities:				
Current Liabilities:				
Accounts Payable	24,321	178,493	247,065	16,822
Accrued Wages and Benefits	25,357	23,651	45,885	7,475
Compensated Absences Payable - Current	44,321	48,884	133,675	12,335
Ohio Water Development Authority Loans - Current	263,889	0	0	0
Total Current Liabilities	357,888	251,028	426,625	36,632
Long Term Liabilities:				
Compensated Absences Payable	82,766	79,864	179,982	20,380
Net Pension Liability	1,194,673	1,000,531	2,409,663	338,474
Net OPEB Liability	26,152	21,903	52,751	7,413
OWDA Loans Payable	1,401,174	0	0	0
Total Liabilities	3,062,653	1,353,326	3,069,021	402,899

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
$ 1,344,344	$ 129,030	$ 20,016,815	$ 138,106
0	0	402,074	0
0	4,129	1,494,978	0
0	0	17,414	0
433	0	3,176	0
0	0	566,026	0
2,558	0	82,473	2,140
1,347,335	133,159	22,582,956	140,246
2,267,377	0	32,062,979	2,501,380
0	0	133,427	0
3,614,712	133,159	54,779,362	2,641,626
88,835	0	2,160,672	95,517
13,729	0	334,344	14,811
102,564	0	2,495,016	110,328
0	485	467,186	30,916
1,719	0	104,087	5,368
0	0	239,215	4,321
0	0	263,889	0
1,719	485	1,074,377	40,605
0	0	362,992	22,397
211,678	0	5,155,019	228,352
4,632	0	112,851	4,999
0	0	1,401,174	0
218,029	485	8,106,413	296,353

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Deferred Inflows of Resources:				
Property Tax for Next Fiscal Year	0	0	0	371,364
Pension	23,956	20,060	48,318	6,789
OPEB	8,626	7,223	17,398	2,443
Total Deferred Inflows of Resources	32,582	27,283	65,716	380,596
Net Position:				
Net Investment in Capital Assets	8,458,767	7,999,154	10,834,040	838,573
Unrestricted	998,201	2,782,104	12,089,813	1,029,215
Total Net Position	$ 9,456,968	$ 10,781,258	$ 22,923,853	$ 1,867,788

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
0	0	371,364	0
4,243	0	103,366	4,581
1,529	0	37,219	1,648
5,772	0	511,949	6,229
2,267,377	0	30,397,911	2,501,380
1,226,098	132,674	18,258,105	(52,008)
$ 3,493,475	$ 132,674	48,656,016	$ 2,449,372
		1,100,646	
		$ 49,756,662	

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Operating Revenues:				
Charges for Services	2,203,489	1,741,982	15,198,153	1,139,075
Other Operating Revenue	544	615	166,168	63
Total Operating Revenues	2,204,033	1,742,597	15,364,321	1,139,138
Operating Expenses:				
Personal Services	1,147,170	1,020,110	2,872,254	370,828
Contractual Services	324,435	662,068	1,380,849	552,216
Materials and Supplies	191,983	42,575	25,549	0
Purchased Power	0	0	8,717,049	0
Depreciation	262,953	577,947	486,508	208,895
Total Operating Expenses	1,926,541	2,302,700	13,482,209	1,131,939
Operating Income (Loss)	277,492	(560,103)	1,882,112	7,199
Nonoperating Revenues (Expenses):				
Property Taxes	0	0	0	440,093
Interest Expense	(37,188)	0	0	0
Loss on Sale of Capital Assets	0	0	(2,725)	0
Loss on Investment in Joint Venture	0	0	(42,338)	0
Total Nonoperating Revenues (Expenses)	(37,188)	0	(45,063)	440,093
Income (Loss) Before Transfers and Contributions	240,304	(560,103)	1,837,049	447,292
Transfers In	0	0	0	0
Transfers Out	0	(20,494)	0	(263,568)
Capital Contributions	362,674	504,795	6,586,155	0
Change in Net Position	602,978	(75,802)	8,423,204	183,724
Net Position Beginning of Year	8,853,990	10,857,060	14,500,649	1,684,064
Net Position End of Year	$ 9,456,968	$ 10,781,258	$ 22,923,853	$ 1,867,788

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
398,663	10,414	20,691,776	611,009
25,229	0	192,619	0
423,892	10,414	20,884,395	611,009
173,966	0	5,584,328	222,460
37,077	19,741	2,976,386	201,563
208	0	260,315	168,195
0	0	8,717,049	0
64,257	0	1,600,560	108,308
275,508	19,741	19,138,638	700,526
148,384	(9,327)	1,745,757	(89,517)
0	0	440,093	0
0	0	(37,188)	0
0	0	(2,725)	0
0	0	(42,338)	0
0	0	357,842	0
148,384	(9,327)	2,103,599	(89,517)
389,000	0	389,000	0
0	0	(284,062)	(3,000)
433	0	7,454,057	23,148
537,817	(9,327)	9,662,594	(69,369)
2,955,658	142,001	38,993,422	2,518,741
$ 3,493,475	$ 132,674	$ 48,656,016	$ 2,449,372
		9,662,594	
		71,779	
		$ 9,734,373	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Cash Flows from Operating Activities:				
Cash Received from Customers	$2,197,687	$1,735,533	$15,306,013	$1,129,229
Cash Payments for Goods and Services	(542,897)	(711,961)	(10,154,774)	(564,163)
Cash Payments to Employees	(1,148,604)	(971,405)	(2,875,153)	(369,225)
Net Cash Provided (Used) for Operating Activities	506,186	52,167	2,276,086	195,841
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	0	0	0	0
Transfers Out to Other Funds	0	(20,494)	0	(263,568)
Receipts of Property Taxes	0	0	0	383,765
Net Cash Provided (Used) for Noncapital Financing Activities	0	(20,494)	0	120,197
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Assets	(343,947)	(331,871)	(629,530)	0
Capital Contributions	1,386	1,711	0	100,432
Principal Paid on Ohio Water Development Authority Loans	(258,690)	0	0	0
Interest Paid on All Debt	(37,188)	0	0	0
Net Cash Used for Capital and Related Financing Activities	(638,439)	(330,160)	(629,530)	100,432
Net Increase (Decrease) in Cash and Cash Equivalents	(132,253)	(298,487)	1,646,556	416,470
Cash and Cash Equivalents at Beginning of Year	1,761,176	3,817,418	10,615,311	717,250
Cash and Cash Equivalents at End of Year	$1,628,923	$3,518,931	$12,261,867	$1,133,720

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
$423,892	$10,658	$20,803,012	$611,009
(99,101)	(19,256)	(12,092,152)	(366,415)
(177,345)	0	(5,541,732)	(210,258)
147,446	(8,598)	3,169,128	34,336
389,000	0	389,000	0
0	0	(284,062)	(3,000)
0	0	383,765	0
389,000	0	488,703	(3,000)
(176,187)	0	(1,481,535)	0
489	0	104,018	0
0	0	(258,690)	0
0	0	(37,188)	0
(175,698)	0	(1,673,395)	0
360,748	(8,598)	1,984,436	31,336
983,596	137,628	18,032,379	106,770
$1,344,344	$129,030	$20,016,815	$138,106

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Operating Income (Loss)	$277,492	($560,103)	$1,882,112	$7,199
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Depreciation Expense	262,953	577,947	486,508	208,895
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(6,346)	(7,064)	(58,308)	(9,909)
Decrease (Increase) in Inventory	7,737	(2,180)	(75,443)	0
Decrease (Increase) in Prepaid Items	(426)	(132)	(8,483)	731
Increase in Deferred Outflows of Resources	(397,151)	(343,556)	(813,563)	(114,823)
Increase (Decrease) in Accounts Payable	(34,281)	(5,525)	51,450	(12,755)
Decrease in Intergovernmental Payables	0	0	0	0
Increase (Decrease) in Accrued Wages and Benefits	1,884	4,782	4,719	1,818
Decrease in Net OPEB Asset	143,413	110,514	278,301	38,611
Increase in Net Pension Liability	801,103	697,238	1,645,906	232,505
Increase in Net OPEB Liability	26,152	21,903	52,751	7,413
Increase in Deferred Inflows of Resources	(592,362)	(454,304)	(1,147,038)	(159,036)
Increase (Decrease) in Compensated Absences	16,018	12,647	(22,826)	(4,808)
Total Adjustments	228,694	612,270	393,974	188,642
Net Cash Provided (Used) for Operating Activities	$506,186	$52,167	$2,276,086	$195,841

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2023, the Water Fund, Sewer Fund and Electric Fund had outstanding liabilities of $5,773, $146,354 and $108,854, respectively for the purchase of certain capital assets.

During 2023, the Water Fund, Sewer Fund and Electric Fund received $361,447, $503,279 and $6,586,155, respectively of capital contributions from other sources.

See accompanying notes to the basic financial statements

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
$148,384	($9,327)	$1,745,757	($89,517)
64,257	0	1,600,560	108,308
0	244	(81,383)	0
0	0	(69,886)	0
354	0	(7,956)	87
(70,393)	0	(1,739,486)	(78,815)
(8,478)	485	(9,104)	3,172
(53,692)	0	(53,692)	0
(142)	0	13,061	877
25,391	0	596,230	24,869
142,001	0	3,518,753	160,105
4,632	0	112,851	4,999
(104,868)	0	(2,457,608)	(102,143)
0	0	1,031	2,394
(938)	729	1,423,371	123,853
$147,446	($8,598)	$3,169,128	$34,336

Statement of Net Position
Fiduciary Funds
December 31, 2023

	Custodial Funds
Assets:	
Cash and Cash Equivalents	$ 159,882
Receivables:	
Taxes	1,056,104
Intergovernmental	46,804
Total Assets	$ 1,262,790
Liabilities:	
Intergovernmental Payable	1,262,790
Total Liabilities	$ 1,262,790

See accompanying notes to the basic financial statements

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

	Custodial Funds
Additions:	
Contributions:	
Property Taxes Collected for Distribution	$ 941,451
Intergovernmental Revenues Collected for Distribution	39,814
Fines, Licenses and Permits for Distribution	1,682,592
Deposits Received	7,312
Total Additions	2,671,169
Deductions:	
Distributions to Other Governments	2,671,169
Total Deductions	2,671,169
Net Change in Fiduciary Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	$ 0

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oberlin (City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City gained city status in 1951 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-city manager form of government and provides the following services as authorized by the charter: public safety, public services, public utilities and recreation. Educational services are provided by the Oberlin School District. The school district is a separate governmental entity and its financial statements are not included in these financial statements. The City of Oberlin Municipal Court financial results are included as a part of these financial statements.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity,*" as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,*" in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system, provides cable programming and provides refuse collection services, all of which are reported as enterprise funds.

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP which acts as the joint venture's agent. See Note 20 "Joint Ventures."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 20 "Joint Ventures."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 20 "Joint Ventures."

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

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

Income Tax Fund - To account for financial resources committed for the major capital projects undertaken by the City.

The other governmental funds of the City account for grants and other resources whose use is nonspendable, restricted, committed, assigned or unassigned for a particular purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Electric Fund – To account for the operation of the City's electric generation and distribution service.

Refuse Fund – To account for the operation of the City's trash collection service.

Storm Water Fund – To account for the operation of the City's storm water service.

The other enterprise fund of the City accounts for the operation of the City's cable programming service.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has two internal service funds, the Garage Fund and the Office Supplies Fund. The Garage Fund is used to account for monies received from city departments to cover the cost of servicing the vehicles of the City departments. The Office Supplies Fund is used to account for monies used to purchase office supplies used by City departments.

Fiduciary Funds

Custodial Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary funds are custodial funds. These funds operate on a full accrual basis of accounting. The City has three custodial funds. The three funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Library Levy Fund, which accounts for property taxes collected to fund the operations of the Library, and the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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 statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid "doubling up" revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. <u>Basis of Accounting</u> (Continued)

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2023, but which are not intended to finance 2023 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 "Taxes".

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

E. <u>Deferred Inflows/Outflows of Resources</u>

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 12 and 13)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The only funds required to be reported in the basic financial statements are the general fund and any major special revenue funds. The primary level of budgetary control is between categories within each department. Budgetary modifications may be made between categories by ordinance of the City Council.

1. Tax Budget

The Director of Finance and the City Manager submit an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2023.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and category level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among fund and category level may be modified during the year by an ordinance of City Council. During 2023, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual—(Non-GAAP Budgetary Basis) General and Sustainable Reserve Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported in the fund balances for governmental funds in the accompanying basic financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

Net Change In Fund Balance

	General Fund
GAAP Basis (as reported)	($1,013,454)
Increase (Decrease):	
Accrued Revenues at December 31, 2023 received during 2024	(1,492,823)
Accrued Revenues at December 31, 2022 received during 2023	1,535,093
Accrued Expenditures at December 31, 2023 paid during 2024	310,123
Accrued Expenditures at December 31, 2022 paid during 2023	(349,298)
2023 Prepaids for 2024	(125,983)
2022 Prepaids for 2023	139,337
2023 Adjustment to Fair Value	717,005
2022 Adjustment to Fair Value	(1,528,956)
Outstanding Encumbrances	(595,800)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(131,769)
Budget Basis	($2,536,525)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. <u>Investments</u>

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72, *"Fair Value Measurement and Application,"* the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. See Note 5, "Cash, Cash Equivalents and Investments."

During 2023, 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 their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

I. <u>Inventory</u>

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

J. <u>Capital Assets and Depreciation</u>

Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the fund financial statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", have been reported.

Contributed capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	25 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Vehicles	5 - 10
Machinery, Equipment, Furniture and Fixtures	5 - 20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
OPWC Loans	Income Tax Fund General Obligation Bond Retirement Fund
OWDA Loans	Water Fund Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund County Recycling Fund Electric Fund Water Fund Sewer Fund Refuse Fund Garage Fund
Pension/OPEB Liabilities	General Fund Electric Fund Water Fund Sewer Fund Refuse Fund Storm Water Fund Garage Fund

L. Compensated Absences

Each bargaining unit and the management staff earn vacation at different rates based upon length of service. No more than the amount of vacation accrued in the previous twelve month period can be carried forward into the next calendar year without consent from the appropriate authority. Any excess is eliminated from the employee's leave balance. In case of death, termination, or retirement, an employee or his estate is paid for the unused vacation balance.

All full-time employees earn sick leave at the rate of 4.6 hours for each pay period worked. Employees who work a 35 hour work week can accumulate a maximum of 210 hours of accrued sick time. Employees working a 37.5 hour work week accumulate a maximum sick pay accrual of 225 hours and employees working a 40 hour work week can accumulate a maximum accumulated sick leave balance of 240 hours.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. <u>Compensated Absences</u> (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net position, "Compensated Absences Payable" is recorded within the "Due Within One Year" account and the long-term portion of the liability is recorded within the "Due in More Than One Year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

M. <u>Net Position</u>

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

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

N. <u>Fund Balances</u>

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Estimates

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

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, collection of solid waste refuse, electric production and distribution and cable programming. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

T. Fair Value

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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2023 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” and Statement No. 96, “Subscription-Based Information Technology Arrangements.”

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

The implementation of these Statements had no effect on beginning net position/fund balance.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits **-** The fund deficits at December 31, 2023 of $2,506 in the EMS Grant Fund, $7,083 in the Police-Fire Pension Fund (special revenue funds) and $33,794 in the Sidewalk Improvement Fund (capital improvement fund) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Principal	$0	$0	$27,259	$27,259
Prepaid Items	125,983	6,796	57,840	190,619
Supplies Inventory	10,893	0	97,748	108,641
Total Nonspendable	136,876	6,796	182,847	326,519
Restricted:				
Street Maintenance	0	0	189,942	189,942
State Highway Improvements	0	0	78,889	78,889
Library	0	0	9,717	9,717
County Recycling	0	0	23,420	23,420
State Recycling	0	0	21,469	21,469
CDBG Grant	0	0	85,026	85,026
Community Housing	0	0	14,058	14,058
DARE Grant	0	0	8,728	8,728
Home RLF	0	0	46,516	46,516
DARE Trust	0	0	61,711	61,711
TIF East College Street	0	0	404,096	404,096
Indigent Alcohol Treatment	0	0	20,254	20,254
Indigent Interlock Monitor	0	0	67,815	67,815
Special Assessment Bond Retirement	0	0	275,490	275,490
Gasholder Renovation	0	0	5,346	5,346
Court Improvement/Computer	0	0	1,070,088	1,070,088
Clerk of Court Computer	0	0	95,670	95,670
OPWC Grants	0	0	88,430	88,430
Total Restricted	0	0	2,566,665	2,566,665
Committed:				
Vacation and Sick Leave	808,227	0	0	808,227
Sustainable Reserve	0	0	874,849	874,849
Capital Improvements	0	1,925,578	0	1,925,578
War Memorial	0	0	6,778	6,778
Utility Caring	0	0	33,440	33,440
Open Space	0	0	16,118	16,118
Subdivision	0	0	13,657	13,657
Parks	0	0	2,466	2,466
Equipment Replacement	0	0	629,864	629,864
Utility Deposit	0	0	4,474	4,474
Total Committed	808,227	1,925,578	1,581,646	4,315,451
Assigned:				
Purchase Orders for Supplies and Services	564,069	0	0	564,069
Budget Resource	2,695,291	0	0	2,695,291
Debt Service	0	0	1,531	1,531
Total Assigned	3,259,360	0	1,531	3,260,891
Unassigned	6,536,344	0	(43,383)	6,492,961
Total Fund Balances	$10,740,807	$1,932,374	$4,289,306	$16,962,487

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. <u>Deposits</u>

Custodial credit risk for deposits 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 possession of an outside party. Although the securities were held by the pledging financial institutions' trust department and 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.

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

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

All of the City's financial institutions have enrolled in OPCS as of December 31, 2023.

At year end the carrying amount of the City's deposits was $2,711,955 and the bank balance was $2,913,770. Federal depository insurance covered $340,925of the bank balance and $2,572,845 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2023 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years) less than 1	1-3	3-5
STAR Ohio *	$1,180,641	AAAm	N/A	$1,180,641	$0	$0
FNMA	3,786,343	AAA[1] / Aaa[2]	Level 2	917,762	2,868,581	0
FFCB	8,607,140	AAA[1] / Aaa[2]	Level 2	3,673,516	2,414,206	2,519,418
U.S. Treasury Note	11,811,376	N/A	Level 2	2,918,403	2,599,676	6,293,297
U.S. Treasury Bond	1,162,398	N/A	Level 2	1,162,398	0	0
FHLB	2,726,420	AAA[1] / Aaa[2]	Level 2	666,566	1,642,991	416,863
Money Market Mutual Fund	71,321	AAA[1] / Aaa[2]	Level 2	71,321	0	0
Negotiable CD's	4,292,683	N/A		245,000	4,047,683	0
Total Investments	$33,638,322			$10,835,607	$13,573,137	$9,229,578

[1] Standard & Poor's
[2] Moody's Investor Service

* Star Ohio is reported at its share price (Net asset value per share)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment in Star Ohio was rated AAAm[1] by Standard & Poor's.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Financial Statements	$36,350,277	$0
Investments:		
Investments (Other)	(32,457,681)	32,457,681
STAR Ohio	(1,180,641)	1,180,641
Per GASB Statement No. 3	$2,711,955	$33,638,322

* Includes cash on hand.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2020. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Oberlin. The County Auditor periodically remits to the City its portion of the taxes collected.

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NOTE 6 - TAXES (Continued)

A. <u>Property Taxes</u> (Continued)

The full tax rate for the City's operations for the year ended December 31, 2023 was $9.74 per $1,000 of assessed value. The assessed value upon which the 2023 receipts were based was $160,104,210. This amount constitutes $156,728,280 in real property assessed value and $3,375,930 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .974% (9.74 mills) of assessed value.

B. <u>Income Tax</u>

The City levies a tax of 2.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 2.5% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2023, the City provides tax incentives under various programs as follows:

A. <u>Tax Increment Financing</u>

Pursuant to Ohio Revised Code Chapter 5709, the City established an Incentive District to pay for public improvements funded through Tax Increment Financing (TIF). One TIF was approved in 2005, TIF proceeds began in 2011. The incremental increase in property value from the mixed use development was nearly $10 million. The City also entered into an agreement with the School District to pay, from the TIF proceeds, 50% of what they would have received for the improvements without the TIF. The TIF was established for a term of 19 years with 100% exemption on the incremental property value. The TIF is active and in compliance. Although the TIF is scheduled to end by 2029, for the related public improvements, the last year of the debt service was accelerated in 2021, the City paid the remaining debt balance in 2021 with funds accumulated in the TIF fund through 2021. Remaining TIF proceeds will be used for prior and future public improvements in the TIF district. In 2023 TIF Proceeds were $199,758.23 and expenses included $2,707.91 in county collection costs and $51,439.18 payment to the school district leaving a net balance of $145,611.14 for the year and $404,095.91 cumulative year-end balance.

NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

B. Economic Development Incentive

The City of Oberlin established an Economic Development Business Incentive Program, also referred to as the Oberlin Business Incentive Program (OBIP), to provide incentives to businesses moving into the City of Oberlin or expanding in the City and creating jobs. The incentive is based on total jobs and payroll dollars added in the City. The incentive is made of two components, one is an upfront incentive, not to exceed $10,000, based on projected new or expanded payrolls. A claw back provision is part of the upfront incentive to ensure performance. The second component is funded with non-tax dollars, if available, and would provide an annual incentive in the amount of up-to 50% of the income taxes collected from withholdings and net profits. This component is based on a contract that includes maintaining certain full-time equivalent jobs within the City and minimum payroll levels. Since the inception of this program, we have received five applications. All were approved by the City Manager in accordance with the legislation creating the program and memorialized by an agreement between the City and the Company. Monitoring of the agreements is handled by the Finance Office. One of the companies was terminated for noncompliance in 2019 (Greenfield Solar). The second company reached the end of their agreement, with a final payment in 2019. A third agreement was approved in late 2019 for PartnerShip, LLC, a company who was supposed to move their 66 employees to Oberlin. However, because of the impact of the COVID pandemic on their business, PartnerShip requested cancellation of their incentive agreement. Prior to any payments to the company, the City granted the cancellation. They did not receive the one-time upfront incentive, therefore, there was no need to claw back any one-time incentive payment. A fourth agreement was approved in 2021 for Bistro Bella Luna, LLC, this agreement consisted of only an upfront incentive of $4,000, and no on-going financial incentive. A fifth agreement was approved in 2022 for Alternate Plan, Inc. for a one-time upfront incentive of $4,000 and no on-going incentive. A sixth agreement was approved in 2023 for Haven Brewing, LLC for a one-time upfront incentive of $6,000 and no on-going incentive. The agreements with ongoing incentives have caps on their incentives of $50,000 each, per year, as well as caps on their incentive periods of no more than 10 years. In 2023 the City paid $6,000 in OBIP upfront incentives.

NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

C. <u>Community Reinvestment Area</u>

The City of Oberlin established a Community Reinvestment Area (CRA) on August 8, 2003 by Ordinance No. 03-51 in accordance with Ohio Revised Code 3735.65-3735.70. The CRA has no expiration date although the City Council reserves the right to re-evaluate the CRA on an annual basis. The CRA was certified by the State of Ohio on October 28, 2003. Terms of abatement for commercial and industrial projects are negotiated on a case-by-case basis. Residential projects are 50% for 10 years for new construction or remodeling of dwellings containing not more than 2 housing units, provided that the cost of construction or remodeling is at least $2500. 50% for 10 years for new construction or remodeling of dwellings containing more than 2 housing units and fewer than 6 units, provided that the cost of construction or remodeling is at least $5,000. The City has no property tax exemptions currently in place under the CRA.

D. <u>Enterprise Zone</u>

The City of Oberlin established an Enterprise Zone in 1991 pursuant to Ohio Revised Code Section 5709, and affirmed by the Lorain County Commissioners and the State Department of Development. The City has two Enterprise Zone tax exemption agreements in place for the same company that exempt 75% of the property taxes for 10 years. The first agreement done in 2015 was for two building additions where the actual investment was $1.48 million. Associated construction began prior to July 2015 and it was completed by December 2016. In return, the company agreed to retain their current 25 full-time jobs and create 8 new full-time jobs, which they have already done. The new positions have created $197,000 in new payroll. The new positions were to be created within 3 years of the project completion. The second agreement done in 2017 was for a building addition valued between $630,000 and $820,000. This addition was completed in May of 2018. For this project, the company agreed to retain its 37 full-time jobs and create 3 additional full-time jobs, which they have already done. The new jobs created approximately $150,000 in new payroll. These new positions also were to be created within 3 years of project completion. The Oberlin School District and the Lorain County Joint Vocational School were notified of both exemption applications and were provided copies in accordance with Revised Code Section 5709.83. The County Tax Incentive Review Council annually monitors the performance of any Enterprise Zone tax exemptions. In 2016 no taxes were exempted. The abatement began for the first agreement in 2017. The abatement for the second agreement began in 2019.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, interest, accounts receivable, interfund loans, loans, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 9 - INTERFUND BALANCES

Individual interfund balances at December 31, 2023 that are expected to be paid within one year are as follows:

Fund	Interfund Loans Receivable	Interfund Loans Payable
Governmental Funds:		
General Fund	$36,300	$0
EMS Grant Fund	0	2,506
Sidewalk Improvement Fund	0	33,794
Totals	$36,300	$36,300

NOTE 10 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2023:

	Transfers Out:						
Transfers In:	General Fund	Income Tax Fund	Other Governmental Funds	Internal Service Fund	Sewer Fund	Refuse Fund	Total
Other Governmental Funds	$171,510	$977,601	$14,341	$3,000	$20,494	$263,568	$1,450,514
Storm Water	145,000	244,000	0	0	0	0	389,000
Total	$316,510	$1,221,601	$14,341	$3,000	$20,494	$263,568	$1,839,514

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (3) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (4) for capital purchases authorized by council; and (5) move revenues to the Equipment Replacement Fund.

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NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2023:

Historical Cost:

Class	December 31, 2022	Transfers	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:					
Land	$2,598,487	$0	$3,132,443	$0	$5,730,930
Construction in Progress	2,529,557	0	3,435,867	(5,465,436)	499,988
Subtotal	5,128,044	0	6,568,310	(5,465,436)	6,230,918
Capital assets being depreciated:					
Buildings	17,057,895	0	467,493	0	17,525,388
Improvements Other than Buildings	1,644,317	0	0	0	1,644,317
Machinery and Equipment	9,130,578	(297,667)	917,594	(137,937)	9,612,568
Infrastructure	38,761,064	0	1,336,111	(197,759)	39,899,416
Subtotal	66,593,854	(297,667)	2,721,198	(335,696)	68,681,689
Total Cost	$71,721,898	($297,667)	$9,289,508	($5,801,132)	$74,912,607

Accumulated Depreciation:

Class	December 31, 2022	Transfers	Additions	Deletions	December 31, 2023
Buildings	($5,446,485)	$0	($442,633)	$0	($5,889,118)
Improvements Other than Buildings	(535,660)	0	(78,567)	0	(614,227)
Machinery and Equipment	(6,400,787)	297,667	(600,742)	137,937	(6,565,925)
Infrastructure	(27,056,308)	0	(1,083,011)	182,881	(27,956,438)
Total Depreciation	($39,439,240)	$297,667	($2,204,953) *	$320,818	($41,025,708)
Net Value:	$32,282,658				$33,886,899

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$547,181
Public Health and Welfare Services	53,019
Leisure Time Activities	221,296
Community Development	10,660
Basic Utility Services	37,535
Transportation	1,138,356
General Government	88,598
Total Depreciation Expense recorded within the Governmental Activities	2,096,645
Amount of Depreciation Expense recorded in the Internal Service Fund	108,308
Total Depreciation Expense	$2,204,953

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2023:

Historical Cost:

Class	December 31, 2022	Transfers	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:					
Land	$722,282	$0	$28,226	$0	$750,508
Construction in Progress	860,779	0	1,934,333	(1,369,209)	1,425,903
Subtotal	1,583,061	0	1,962,559	(1,369,209)	2,176,411
Capital assets being depreciated:					
Buildings	8,678,849	0	6,741,163	0	15,420,012
Infrastructure	19,062,480	0	1,091,496	(720)	20,153,256
Improvements Other than Buildings	3,513,510	0	180,067	0	3,693,577
Machinery and Equipment	24,240,157	297,667	412,648	(41,507)	24,908,965
Subtotal	55,494,996	297,667	8,425,374	(42,227)	64,175,810
Total Cost	$57,078,057	$297,667	$10,387,933	($1,411,436)	$66,352,221

Accumulated Depreciation:

Class	December 31, 2022	Transfers	Additions	Deletions	December 31, 2023
Buildings	($4,742,037)	$0	($347,297)	$0	($5,089,334)
Infrastructure	(5,324,807)	0	(239,496)	720	(5,563,583)
Improvements Other than Buildings	(1,349,777)	0	(154,611)	0	(1,504,388)
Machinery and Equipment	(21,013,896)	(297,667)	(859,156)	38,782	(22,131,937)
Total Depreciation	($32,430,517)	($297,667)	($1,600,560)	$39,502	($34,289,242)
Net Value:	$24,647,540				$32,062,979

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NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.
Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

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

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

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $986,723 for 2023.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was $396,750 for 2023.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$12,032,545	$6,279,410	$18,311,955
Proportion of the Net Pension Liability-2023	0.040733%	0.066106%	
Proportion of the Net Pension Liability-2022	0.043018%	0.071544%	
Percentage Change	(0.002285%)	(0.005438%)	
Pension Expense	$1,719,607	$743,828	$2,463,435

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$3,429,652	$914,194	$4,343,846
Changes in assumptions	127,116	566,384	693,500
Differences between expected and actual experience	399,670	94,193	493,863
Change in proportionate share	49,265	175,004	224,269
City contributions subsequent to the measurement date	986,723	396,750	1,383,473
Total Deferred Outflows of Resources	$4,992,426	$2,146,525	$7,138,951
Deferred Inflows of Resources			
Changes in assumptions	$0	$122,448	$122,448
Differences between expected and actual experience	0	143,064	143,064
Change in proportionate share	241,275	366,893	608,168
Total Deferred Inflows of Resources	$241,275	$632,405	$873,680

$1,383,473 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$346,461	$97,202	$443,663
2025	728,369	285,259	1,013,628
2026	1,009,516	322,188	1,331,704
2027	1,680,082	478,130	2,158,212
2028	0	(65,409)	(65,409)
Total	$3,764,428	$1,117,370	$4,881,798

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2022 and December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
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 for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The discount rate for the prior year was 6.9 percent. 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	$18,024,353	$12,032,545	$7,048,438

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, compared with January 1, 2021, are presented below.

	January 1, 2022	January 1, 2021
Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2022 valuation, mortality for non-disabled participants 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.

For the January 1, 2022 valuation, 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.

For the January 1, 2022 valuation, 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.

For the January 1, 2022 valuation, 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.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block 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 OPF'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
Total	125.00 %	

* levered 2.5x
Note: Assumptions are geometric

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$8,283,754	$6,279,410	$4,613,199

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NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2023.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description **–** The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

Funding Policy **–** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $9,837 for 2023.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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 (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$263,404	$470,652	$734,056
Proportion of the Net OPEB Liability (Asset) -2023	0.041776%	0.066106%	
Proportion of the Net OPEB Liability (Asset) -2022	0.043542%	0.071544%	
Percentage Change	(0.00177%)	(0.00544%)	
OPEB Expense	($475,412)	$26,859	($448,553)

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$523,132	$40,361	$563,493
Changes in assumptions	257,275	234,551	491,826
Differences between expected and actual experience	0	28,086	28,086
Change in proportionate share	0	64,288	64,288
City contributions subsequent to the measurement date	0	9,837	9,837
Total Deferred Outflows of Resources	$780,407	$377,123	$1,157,530
Deferred Inflows of Resources			
Changes in assumptions	$21,170	$384,959	$406,129
Differences between expected and actual experience	65,703	92,803	158,506
Change in proportionate share	0	103,782	103,782
Total Deferred Inflows of Resources	$86,873	$581,544	$668,417

$9,837 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. 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	$86,371	($19,239)	$67,132
2025	191,313	(12,183)	179,130
2026	163,131	(22,666)	140,465
2027	252,719	(13,876)	238,843
2028	0	(41,908)	(41,908)
2029 - 2031	0	(104,386)	(104,386)
Total	$693,534	($214,258)	$479,276

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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. 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	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.22 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	4.05 percent
Prior measurement date	1.84 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Prior measurement date	5.5 percent initial, 3.5 percent 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

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

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

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index").

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	$896,513	$263,404	($259,011)

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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$246,896	$263,404	$281,988

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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 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.

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	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate	4.27 percent	2.84 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2022 valuation, mortality for non-disabled participants 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.

For the January 1, 2022 valuation, 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

For the January 1, 2022 valuation, 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.

For the January 1, 2022 valuation, 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, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in 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.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF'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
Total	125.00 %	

* levered 2.5x
Note: Assumptions are geometric

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent for 2022, and 7.50 percent for 2021. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.65 percent at December 31, 2022 and 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 4.27 percent for 2022 and 2.84 percent for 2021. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, 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 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 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	$579,566	$470,652	$378,704

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.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 14 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2023, the City's accumulated, unpaid compensated absences amounted to $1,982,163 of which $1,475,233 is recorded as a liability of the Governmental Activities and $602,207 is recorded as a liability of the Business-Type Activities.

NOTE 15 – LEASE

The City of Oberlin (Landlord) has entered into a lease agreement with Hickory Grove Farms Inc, (Tenant). The lease is for use of farmland for growing crops. As part of the lease agreement, Hickory Grove Farms Inc. has agreed to pay the City annually through 2025. The lease can be renewed with both parties' agreement to do so.

A summary of future lease payments to be received by the City, including lease revenue and interest payments as of December 31, 2023, follows:

Years	Lease Revenue	Interest	Total
2024	$69,293	$5,654	$74,947
2025	72,065	2,882	74,947
Totals	$141,358	$8,536	$149,894

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2023 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Balance December 31, 2022	Additions	(Reductions)	Balance December 31, 2023	Amount Due Within One Year
Business-Type Activities:								
Direct Borrowing								
Ohio Water Development Authority Loans (OWDA):								
2008	2.000%	OWDA - Project #4875	2029	$1,923,753	$0	($258,690)	$1,665,063	$263,889
Compensated Absences				601,176	602,207	(601,176)	602,207	239,215
Net Pension Liability - OPERS				1,636,266	3,518,753	0	5,155,019	0
Net OPEB Liability - OPERS				0	112,851	0	112,851	0
		Total Business-Type Long-Term Debt		$4,161,195	$4,233,811	($859,866)	$7,535,140	$503,104
Governmental Activities:								
General Obligation Bond:								
2021	1.250%	Various Purpose Improvement Bonds	2030	4,235,000	0	(600,000)	3,635,000	620,000
Direct Borrowing								
Ohio Public Works Commission Loans:								
2010	0.000%	North Pleasant/Walnut Street	2029	114,416	0	(15,256)	99,160	15,256
2011	0.000%	North Professor, Union Street	2027	58,000	0	(11,600)	46,400	11,600
2013	0.000%	South Professor Street	2034	118,886	0	(9,907)	108,979	9,907
2017	0.000%	West College Street	2037	85,665	0	(5,526)	80,139	5,526
2017	0.000%	Oberlin Road Resurfacing	2030	34,343	0	(2,290)	32,053	2,290
2022	0.000%	East Hailton Street Resurfacing	2039	0	91,444	0	91,444	3,048
		Total Ohio Public Commission Loans		411,310	91,444	(44,579)	458,175	47,627
Compensated Absences				1,380,987	1,475,233	(1,380,987)	1,475,233	537,129
Net Pension Liability - OPERS				2,106,473	4,771,053	0	6,877,526	0
Net Pension Liability - OPF				4,469,654	1,809,756	0	6,279,410	0
		Total Net Pension Liability		6,576,127	6,580,809	0	13,156,936	0
Net OPEB Liability - OPERS				0	150,553	0	150,553	0
Net OPEB Liability - OPF				784,182	0	(313,530)	470,652	0
		Total Net OPEB Liability		784,182	150,553	(313,530)	621,205	0
		Total Governmental Activities Long-Term Debt		$13,387,606	$8,298,039	($2,339,096)	$19,346,549	$1,204,756

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NOTE 16 - LONG-TERM DEBT (Continued)

The City's direct borrowings from OWDA in the amount of $1,665,063 contains a provision that in the event of default, the amount of such default shall bear interest at the default rate from the due date until the date of the payment. In addition to the interest, a late charge of one percent on the amount of each default shall also be paid to OWDA by the City.

The City's total direct borrowings from OPWC in the amount of $455,127 contains a provision that in the event of default, the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from a portion of the local government fund that would otherwise be appropriated to the City.

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2023 follows:

	General Obligation Bonds		OWDA Loans		OPWC Loans	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2024	$620,000	$45,474	$263,889	$31,988	$47,627	$0
2025	620,000	37,718	269,193	26,684	50,675	0
2026	630,000	29,962	274,604	21,274	50,675	0
2027	640,000	22,080	280,124	15,753	50,675	0
2028	370,000	14,074	285,754	10,124	50,675	0
2029-2033	755,000	14,200	291,499	4,380	135,911	0
2034-2038	0	0	0	0	68,889	0
2039	0	0	0	0	3,048	0
Totals	$3,635,000	$163,508	$1,665,063	$110,203	$458,175	$0

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2023 the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
South Pleasant Street Bridge	$22,594	2024
WEPF Anaerobic Digestion	39,622	2024
WEPF Aqua Screen	147,000	2024
Lorain/Pleasant and Park Traffic Signal	36,858	2024
OMLPS Unit 4 Engine Control System	11,258	2024
Colony Drive Rebuild	69,500	2024
City Phone System Upgrade	107,758	2024
Central Garage Upgrades	30,823	2024
Recycling Glass Breaker	14,449	2024
Belt Filter Press	357,779	2024
State Route 58 Multi-Use Pass	122,045	2024
East Vine Street Bridge Design	152,324	2024
Splash Pad	11,000	2024
WEPF Solids Handling Building	646,269	2024
Butternut Sub Station Breaker	38,853	2024
Oberlin Road Sub Station Breaker	23,735	2024
Route 20-69KV Sub Station	703,203	2024
OMLPS Warehouse B Building Rehab	321,960	2024
Total	$2,857,030	

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to property and casualty, general liability, workers' compensation and employee health and dental benefits.

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The City participates in the Buckeye Ohio Risk Management Agency, Inc., (BORMA, Inc.); a public entity shared risk pool consisting of several cities in northern Ohio. The City pays monthly premiums for health care coverage for its employees to BORMA. The City pays annual premiums to the Public Entities Pool (PEP) and other insurance carriers for general liability and property insurance. BORMA is responsible for the management and operations of the health insurance programs. Member Cities agree to share in coverage of losses and pay all premiums necessary for the specified health insurance coverage. Member Cities are subject to supplemental assessments.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll plus administrative costs. The rate is determined based on accident history of the North Central Ohio Municipal Finance Officers Association. The City also pays unemployment claims to the State of Ohio as incurred.

There has been no significant reduction in insurance coverages compared to the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 19 - CONTINGENCIES

A. Litigation

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Asset Retirement Obligations

GASB Statement No. 83 *"Certain Asset Retirement Obligations"* establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts.

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

NOTE 20 - JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)

The City of Oberlin is a Financing Participant and an Owner Participant with percentages of liability and ownership of 1.16% and .91%, respectively, and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023 the City of Oberlin has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued $50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of $45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the $31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was ($17,925) at December 31, 2023. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 20 - JOINT VENTURES (Continued)

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2023 are:

Municipality	**Percent Ownership**	**Kw Entitlement**	**Municipality**	**Percent Ownership**	**Kw Entitlement**
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary’s	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	95.20%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

NOTE 20 - JOINT VENTURES (Continued)

B. <u>Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5</u>)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.02%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023 the City of Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

NOTE 20 - JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) (Continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued $153,415,000 and $13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of $56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of $116,910,000, which resulted in a savings to the membership of $34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was $65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of $49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to $49,243,377 at the time of refunding as compared to its value at December 31, 2015 of $49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was $90,234 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.47%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

NOTE 20 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023 the City of Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was $61,118 at December 31, 2023. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 20 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

The ten participating subdivisions and their respective ownership shares at December 31, 2023 are:

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.042842%	0.042842%	0.042177%	0.043795%
City's proportionate share of the net pension liability	$5,050,514	$5,167,224	$7,305,626	$9,945,161
City's covered payroll	$5,801,092	$5,294,200	$5,773,150	$5,661,467
City's proportionate share of the net pension liability as a percentage of its covered payroll	87.06%	97.60%	126.54%	175.66%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.0729048%	0.0729048%	0.072947%	0.071314%
City's proportionate share of the net pension liability	$3,550,692	$3,776,773	$4,692,704	$4,516,956
City's covered payroll	$1,818,004	$1,495,555	$1,654,022	$1,610,806
City's proportionate share of the net pension liability as a percentage of its covered payroll	195.31%	252.53%	283.71%	280.42%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
The schedule is reported as of the measurement date of the Net Pension Liability.

2018	2019	2020	2021	2022	2023
0.042145%	0.042338%	0.041558%	0.041630%	0.043018%	0.040733%
$6,611,695	$11,595,516	$8,214,218	$6,164,493	$3,742,739	$12,032,545
$5,546,300	$5,803,529	$5,969,443	$5,963,421	$6,336,286	$6,411,379
119.21%	199.80%	137.60%	103.37%	59.07%	187.67%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%

2018	2019	2020	2021	2022	2023
0.067761%	0.069628%	0.068503%	0.068171%	0.071544%	0.066106%
$4,158,799	$5,683,485	$4,614,728	$4,647,250	$4,469,654	$6,279,410
$1,557,954	$1,656,670	$1,710,956	$1,656,958	$1,810,455	$1,783,765
266.94%	343.07%	269.72%	280.47%	246.88%	352.03%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

Schedule of City Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$635,304	$692,778	$679,376	$734,034
Contributions in relation to the contractually required contribution	635,304	692,778	679,376	734,034
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,294,200	$5,773,150	$5,661,467	$5,546,300
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$304,495	$332,293	$323,611	$312,993
Contributions in relation to the contractually required contribution	304,495	332,293	323,611	312,993
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,495,555	$1,654,022	$1,610,806	$1,557,954
Contributions as a percentage of covered payroll	20.36%	20.09%	20.09%	20.09%

Notes: The City implemented GASB Statement 68 in 2015.

2018	2019	2020	2021	2022	2023
$812,494	$835,722	$834,879	$887,080	$897,593	$986,723
812,494	835,722	834,879	887,080	897,593	986,723
$0	$0	$0	$0	$0	$0
$5,803,529	$5,969,443	$5,963,421	$6,336,286	$6,411,379	$7,048,021
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2018	2019	2020	2021	2022	2023
$332,825	$343,731	$352,932	$385,627	$379,942	$396,750
332,825	343,731	352,932	385,627	379,942	396,750
$0	$0	$0	$0	$0	$0
$1,656,670	$1,710,956	$1,656,958	$1,810,455	$1,783,765	$1,862,676
20.09%	20.09%	21.30%	21.30%	21.30%	21.30%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability(Asset)
Last Seven Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.042170%	0.041399%	0.041855%
City's proportionate share of the net OPEB liability (asset)	$4,181,720	$4,495,599	$5,456,899
City's covered payroll	$5,661,467	$5,546,300	$5,803,529
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	73.86%	81.06%	94.03%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.071314%	0.067761%	0.069628%
City's proportionate share of the net OPEB liability (asset)	$3,385,114	$3,839,243	$634,069
City's covered payroll	$1,610,806	$1,557,954	$1,656,670
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	210.15%	246.43%	38.27%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability.

2020	2021	2022	2023
0.041866%	0.041895%	0.043542%	0.041776%
$5,782,780	($746,392)	($1,363,803)	$263,404
$5,969,443	$5,963,421	$6,336,286	$6,411,379
96.87%	(12.52%)	(21.52%)	4.11%
47.80%	115.57%	128.23%	94.79%

2020	2021	2022	2023
0.068503%	0.068171%	0.071544%	0.066106%
$676,654	$722,278	$784,182	$470,652
$1,710,956	$1,656,958	$1,810,455	$1,783,765
39.55%	43.59%	43.31%	26.39%
47.08%	45.42%	46.86%	52.59%

Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$105,884	$115,463	$113,229	$55,463
Contributions in relation to the contractually required contribution	105,884	115,463	113,229	55,463
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,294,200	$5,773,150	$5,661,467	$5,546,300
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$7,478	$8,270	$8,054	$7,787
Contributions in relation to the contractually required contribution	7,478	8,270	8,054	7,787
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,495,555	$1,654,022	$1,610,806	$1,557,954
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

2018	2019	2020	2021	2022	2023
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$5,803,529	$5,969,443	$5,963,421	$6,336,286	$6,411,379	$7,048,021
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2018	2019	2020	2021	2022	2023
$8,307	$8,562	$8,779	$9,587	$9,457	$9,837
8,307	8,562	8,779	9,587	9,457	9,837
$0	$0	$0	$0	$0	$0
$1,656,670	$1,710,956	$1,656,958	$1,810,455	$1,783,765	$1,862,676
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2023: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NET OPEB LIABILITY (ASSET) (Continued)

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

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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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 Oberlin
Lorain County
69 S. Main Street
Oberlin, Ohio 44074

To the Members of City Council:

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 Oberlin, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

June 21, 2024

CITY OF OBERLIN
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

The prior audit report, as of December 31, 2022, included no findings or instances of noncompliance.

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF OBERLIN

LORAIN 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