CITY OF BELLEFONTAINE

LOGAN COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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Members of City Council and Mayor
City of Bellefontaine
135 North Detroit Street
Bellefontaine, Ohio 43311

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 02, 2023

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LOGAN COUNTY, OHIO

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LOGAN COUNTY, OHIO

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Julian & Grube

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Independent Auditor's Report

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine'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 Bellefontaine, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, a prior period adjustment was made at January 1, 2022 to report the BWC trust fund and self-insurance fund as a component of the general fund, rather than internal service funds. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellefontaine's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023 on our consideration of the City of Bellefontaine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellefontaine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellefontaine's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 25, 2023

This discussion and analysis of the City of Bellefontaine's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The total net position of the City increased $3,762,324 or 5.40%. Net position of governmental activities increased $1,729,397 or 5.76% from 2021's net position. Net position of business-type activities increased $2,032,927 or 5.13% from 2021's net position.

- General revenues accounted for $8,214,527 or 58.54% of total governmental activities revenue. Program specific revenues accounted for $5,817,732 or 41.46% of total governmental activities revenue.

- The City had $12,062,362 in expenses related to governmental activities; $5,817,732 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $6,244,630 were offset by general revenues of $8,214,527.

- At the close of 2022, the City's governmental funds reported combined fund balances of $13,206,549, a decrease of $1,217,803 compared to the prior year. The City's major governmental funds include the general fund, the American Rescue Plan Act (ARPA) fund and the capital improvement fund.

- At December 31, 2022, the unassigned general fund balance was $3,233,976, or 31.05% of total general fund expenditures.

- Business-type activities include operations of the City's water, sewer, airport, garbage, ambulance, parking meter and public utility trust enterprise funds. The net position of the business-type activities totaled $41,664,487 at December 31, 2022.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - Most of the City's services are reported here including police, fire, administration and all departments, except utilities. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and State grants and other shared revenues.

- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, garbage waste removal, ambulance services, airport administration.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, airport, garbage, ambulance, parking meter and public utility trust functions. All of the City's enterprise funds are considered major funds, with the exception of the parking meter and public utility trust fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds and private-purpose trust funds are the City's only fiduciary fund types.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table on the following page provides a summary of the City's net position for 2022 compared to 2021.

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Net Position

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Assets						
Current and other assets	$ 17,630,769	$ 18,127,878	$ 11,796,281	$ 10,360,244	$ 29,427,050	$ 28,488,122
Capital assets, net	30,425,239	28,692,702	35,370,094	35,556,143	65,795,333	64,248,845
Total assets	48,056,008	46,820,580	47,166,375	45,916,387	95,222,383	92,736,967
Deferred outflows of resources	4,584,621	2,983,645	642,869	527,864	5,227,490	3,511,509
Liabilities						
Current and other liabilities	1,842,798	1,492,379	640,244	514,085	2,483,042	2,006,464
Long-term liabilities	1,819,289	1,947,619	2,104,938	2,545,642	3,924,227	4,493,261
Net pension liability	9,756,394	11,016,075	1,369,682	2,122,690	11,126,076	13,138,765
Net OPEB liability	1,471,399	1,365,694	84,285	87,172	1,555,684	1,452,866
Total liabilities	14,889,880	15,821,767	4,199,149	5,269,589	19,089,029	21,091,356
Deferred inflows of resources	6,005,112	3,966,218	1,945,608	1,543,103	7,950,720	5,509,321
Net Position						
Net investment in capital assets	29,725,143	28,073,883	33,700,249	33,519,811	63,425,392	61,593,694
Restricted	4,742,702	4,802,546	-	-	4,742,702	4,802,546
Unrestricted (deficit)	(2,722,208)	(2,860,189)	7,964,238	6,111,749	5,242,030	3,251,560
Total net position	$ 31,745,637	$ 30,016,240	$ 41,664,487	$ 39,631,560	$ 73,410,124	$ 69,647,800

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

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/asset. 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/asset to equal the City's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB 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/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,762,324. At year end, net position was $31,745,637 and $41,664,487 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year end, capital assets represented 63.31% of total assets of governmental activities. Capital assets include land, construction in progress, easements, land improvements, buildings, building components, equipment, furniture, vehicles, infrastructure, infrastructure contributions, and intangible right to use leased equipment, and totaled $30,425,239 and $35,370,094 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's net investment in capital assets is reported net of related long-term obligations, it should be noted that the resources to repay debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the City's net position, $4,742,702, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is $5,242,030.

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

Change in Net Position

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Revenues						
Program revenues:						
Charges for services	$ 1,455,404	$ 1,609,721	$ 8,215,917	$ 7,640,829	$ 9,671,321	$ 9,250,550
Operating grants and contributions	2,123,719	1,101,762	3,894	-	2,127,613	1,101,762
Capital grants and contributions	2,238,609	750,673	66,544	33,000	2,305,153	783,673
Total program revenues	5,817,732	3,462,156	8,286,355	7,673,829	14,104,087	11,135,985
General revenues:						
Property taxes	650,616	754,276	-	-	650,616	754,276
Income taxes	7,639,306	7,084,926	-	-	7,639,306	7,084,926
Other local taxes	77,423	63,516	-	-	77,423	63,516
Payment in lieu of taxes	78,012	-	-	-	78,012	-
Unrestricted grants	475,557	446,819	-	-	475,557	446,819
Investment earnings	193,196	(237,026)	3,425	-	196,621	(237,026)
Change in fair value of investments	(934,235)	-	-	-	(934,235)	-
Other	34,652	248,685	164,093	140,660	198,745	389,345
Total general revenues	8,214,527	8,361,196	167,518	140,660	8,382,045	8,501,856
Total revenues	14,032,259	11,823,352	8,453,873	7,814,489	22,486,132	19,637,841
Expenses						
General government	2,551,825	1,880,566	-	-	2,551,825	1,880,566
Public safety	6,405,816	5,896,468	-	-	6,405,816	5,896,468
Health	177,704	157,158	-	-	177,704	157,158
Conservation and recreation	727,857	488,372	-	-	727,857	488,372
Economic development	172,928	198,735	-	-	172,928	198,735
Public works	54,133	98,261	-	-	54,133	98,261
Transportation	1,967,927	1,257,216	-	-	1,967,927	1,257,216
Interest and fiscal charges	4,172	4,039	-	-	4,172	4,039
Water	-	-	2,135,138	1,562,365	2,135,138	1,562,365
Sewer	-	-	2,167,143	1,927,204	2,167,143	1,927,204
Airport	-	-	594,672	571,704	594,672	571,704
Garbage	-	-	1,179,314	1,056,898	1,179,314	1,056,898
Ambulance	-	-	559,770	512,762	559,770	512,762
Other	-	-	25,409	9,654	25,409	9,654
Total expenses	12,062,362	9,980,815	6,661,446	5,640,587	18,723,808	15,621,402
Excess (deficiency) before transfers	1,969,897	1,842,537	1,792,427	2,173,902	3,762,324	4,016,439
Transfers	(240,500)	(215,000)	240,500	215,000	-	-
Change in net position	1,729,397	1,627,537	2,032,927	2,388,902	3,762,324	4,016,439
Net position at beginning of year	30,016,240	28,388,703	39,631,560	37,242,658	69,647,800	65,631,361
Net position at end of year	$ 31,745,637	$ 30,016,240	$ 41,664,487	$ 39,631,560	$ 73,410,124	$ 69,647,800

Governmental Activities

Governmental activities net position increased $1,729,397 in 2022.

Charges for services program revenues decreased from prior year, primarily from a decrease in Municipal Court fees received in 2022. Operating grants and contributions increased significantly in comparison with the prior year. This is primarily the result of the ARPA federal funding that was spent down in 2022. The ARPA funds were used for public safety forces. Capital grants and contributions increased from the $1.4 million FAA federal grant received for the airport runway project.

The two primary general revenue sources of governmental activities are property taxes and municipal income taxes. In the *Change in Net Position* table on the proceeding page, payment in lieu of taxes were included in property taxes and the change in fair value of investments was included in investment income in the 2021 column. Change in fair value of investment was significant during 2022 as a result of inflation's impact on the market. Other general revenues decreased as compared to 2021, as there were fewer refunds and reimbursements received in 2022

In total, 2022 expenses increased $2,081,547 or 20.86%. In 2021 governmental activities expenses decreased 20.38% from 2020 as a result of a significant decrease in OPEB expense for OPERS. On an accrual basis, the City had OPERS OPEB expense of ($709,813) in 2022 compared to ($2,698,409) in 2021 and $388,573 in 2020. Effective January 1, 2022, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes were reflected in the net OPEB asset and deferred inflows/outflows of resources reported at December 31, 2021 and December 31, 2022.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses:				
General government	$ 2,551,825	$ 1,623,237	$ 1,880,566	$ 369,518
Public safety	6,405,816	4,994,420	5,896,468	5,860,894
Health	177,704	132,972	157,158	98,316
Conservation and recreation	727,857	421,781	488,372	295,643
Economic development	172,928	140,337	198,735	190,208
Public works	54,133	(1,726,755)	98,261	98,261
Transportation	1,967,927	654,466	1,257,216	(398,220)
Interest and fiscal charges	4,172	4,172	4,039	4,039
Total expenses	$ 12,062,362	$ 6,244,630	$ 9,980,815	$ 6,518,659

The dependence upon general revenues for governmental activities is apparent, with 51.77% of expenses supported through taxes and other general revenues.

Business-Type Activities

Business-type activities include the water, sewer, airport, garbage, ambulance, parking meter and public utility trust enterprise funds. These programs had program revenues of $8,286,355, general revenues of $167,518, transfers of $240,500, and expenses of $6,661,446 for 2022. Overall, the operating activities of all the City's enterprise funds remained comparable to the prior year.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds reported a combined fund balance of $13,206,549, which is $1,217,803 less than last year's total of $14,424,352 (as restated, see Note 3.B in the notes to the financial statements for detail). The table below indicates the fund balances and the total change in fund balances as of December 31, 2022 and December 31, 2021 for all major and nonmajor governmental funds.

	Fund Balance December 31, 2022	(Restated) Fund Balance December 31, 2021	Change	Percentage Change
General	$ 5,012,375	$ 6,218,755	$ (1,206,380)	-19.40%
ARPA	17,572	5,832	11,740	201.30%
Capital improvements	2,876,350	3,222,192	(345,842)	-10.73%
Other governmental	5,300,252	4,977,573	322,679	6.48%
Total	$ 13,206,549	$ 14,424,352	$ (1,217,803)	-8.44%

General Fund

The general fund is the chief operating fund of the City. The fund balance of the City's general fund decreased during the current year, primarily from reporting a negative $934,234 change in fair value of investments, which reflects changes in the market, not an actual loss on investments. In addition, the general fund had $1 million in capital outlay expenditures during 2022 for capital equipment purchases for city hall, general administrative services, fire, police, and engineering departments.

ARPA Fund

The ARPA fund accounts for federal grants related to the Covid-19 pandemic. The $17,572 fund balance represents accumulated interest earned on the federal grant. At December 31, 2022, $770,496 was reported as unearned revenue, which represents the unspent balance of the federal grant.

Capital Improvement Fund

The capital improvement fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement fund's fund balance decreased during the fiscal year. During 2022, capital improvement fund had $1.8 million in capital outlay expenditures, primarily related to the FAA airport runway project.

Other Governmental Funds

The fund balance of the City's other governmental Funds increased in comparison with the prior year. This increase is primarily from transfers in from the general fund.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The schedule below indicates the fund balance and the total change in net position as of December 31, 2022 and 2021.

	Net Position December 31, 2022	Net Position December 31, 2021	Change	Percentage Change
Water	$ 11,881,610	$ 11,254,208	$ 627,402	5.57%
Sewer	18,655,223	17,425,247	1,229,976	7.06%
Airport	8,782,815	8,652,257	130,558	1.51%
Garbage	1,369,099	1,335,518	33,581	2.51%
Ambulance	662,642	644,691	17,951	2.78%
Nonmajor enterprise	313,098	319,639	(6,541)	-2.05%
Total	$ 41,664,487	$ 39,631,560	$ 2,032,927	5.13%

For the most part, all increases noted above represent operating income, offset by interest and fiscal charges.

For the Airport Fund, this decrease primarily represents the amount in which the operating loss exceeded transfers in from the City's General Fund.

General Fund Budgetary Information

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

In the general fund, the actual revenues and other financing sources of $10,434,171 were $184,171 greater than the original and final budgeted revenues and other financing sources of $10,250,000. Actual expenditures and other financing uses of $10,649,899 were $1,781,075 less than the final budgeted expenditures and other financing uses of $12,430,974. Original budgeted expenditures and other financing uses of $12,054,933 were increased by $376,041 for the final budgeted amounts. These variances are the result of the City's conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had $65,795,333 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings, building components, equipment, furniture, vehicles, infrastructure, infrastructure contributions, and intangible right to use leased equipment. Of this total, $30,425,239 was reported in governmental activities and $35,370,094 was reported in business-type activities.

The following table shows December 31, 2022 balances compared to December 31, 2021.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 7,948,000	$ 7,948,000	$ 2,028,393	$ 2,028,393	$ 9,976,393	$ 9,976,393
Construction in progress	1,918,292	-	514,097	375,293	2,432,389	375,293
Land improvements	5,403,530	5,222,725	6,347,359	6,104,273	11,750,889	11,326,998
Buildings	1,859,767	1,936,750	8,682,812	8,912,382	10,542,579	10,849,132
Building components	586,538	663,984	93,987	103,168	680,525	767,152
Equipment	1,257,735	1,229,453	2,779,708	2,873,775	4,037,443	4,103,228
Furniture	38,936	43,785	19,622	25,704	58,558	69,489
Vehicles	848,555	867,855	973,500	1,008,823	1,822,055	1,876,678
Infrastructure	8,185,271	8,330,579	12,467,140	12,627,942	20,652,411	20,958,521
Infrastructure contributions	2,374,009	2,442,004	1,463,476	1,496,390	3,837,485	3,938,394
Intangible right to use:						
Leased equipment	4,606	7,567	-	-	4,606	7,567
Total	$ 30,425,239	$ 28,692,702	$ 35,370,094	$ 35,556,143	$ 65,795,333	$ 64,248,845

The City's investment in capital assets for governmental activities as of December 31, 2022 increased in comparison with the prior year. The increase is primarily attributed to $1.9 million in construction in progress.

The City's investment in capital assets for business-type activities as of December 31, 2022 decreased in comparison with the prior year. This decrease represents the amount in which current year depreciation of $1,594,151 exceeded current year acquisitions (net of construction in progress disposals) of $1,408,102.

Detailed information regarding capital asset activity is included in Note 7 to the basic financial statements.

Debt

Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the City has reported a lease payable obligation at January 1, 2022, which was reported in the prior year as a capital lease payable. The City had the following long-term obligations outstanding at December 31, 2022 and December 31, 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	$ 211,104	$ 251,568	$ 1,405,560	$ 1,786,763	$ 1,616,664	$ 2,038,331
OPWC loans	290,571	314,270	178,660	202,292	469,231	516,562
Leases payable	5,971	11,203	-	-	5,971	11,203
Total long-term obligations	$ 507,646	$ 577,041	$ 1,584,220	$ 1,989,055	$ 2,091,866	$ 2,566,096

Detailed information regarding long-term debt is included in Note 8 to the basic financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Fred Brentlinger, City Auditor, 135 North Detroit Street, Bellefontaine, Ohio 43311-1474.

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 13,128,007	$ 9,348,740	$ 22,476,747
Investments	85,900	-	85,900
Receivables:			
Income taxes	2,006,887	-	2,006,887
Property taxes	674,234	-	674,234
Accounts	31,030	1,838,488	1,869,518
Payment in lieu of taxes	81,000	-	81,000
Accrued interest	38,563	430	38,993
Due from other governments	922,978	-	922,978
Lease	-	128,909	128,909
Materials and supplies inventory	118,301	152,242	270,543
Prepayments	56,101	10,809	66,910
Net OPEB asset	487,768	316,663	804,431
Capital assets:			
Land and construction in progress	9,866,292	2,542,490	12,408,782
Depreciable/amortized capital assets, net	20,558,947	32,827,604	53,386,551
Total capital assets, net	30,425,239	35,370,094	65,795,333
Total assets	48,056,008	47,166,375	95,222,383
Deferred outflows of resources:			
Pension	3,626,313	587,101	4,213,414
OPEB	958,308	55,768	1,014,076
Total deferred outflows of resources	4,584,621	642,869	5,227,490
Liabilities:			
Accounts payable	163,584	180,771	344,355
Contracts payable	16,939	64,825	81,764
Retainage payable	177,562	20,800	198,362
Accrued wages and benefits payable	232,420	89,753	322,173
Due to other governments	481,577	66,953	548,530
Accrued interest payable	220	1,631	1,851
Refundable deposits	-	215,511	215,511
Unearned revenue	770,496	-	770,496
Long-term liabilities:			
Due within one year	459,976	558,903	1,018,879
Due in more than one year:			
Net pension liability	9,756,394	1,369,682	11,126,076
Net OPEB liability	1,471,399	84,285	1,555,684
Other amounts due in more than one year	1,359,313	1,546,035	2,905,348
Total liabilities	14,889,880	4,199,149	19,089,029
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	641,000	-	641,000
Payment in lieu of taxes levied for the next fiscal year	81,000	-	81,000
Lease	-	130,466	130,466
Pension	4,265,088	1,440,006	5,705,094
OPEB	1,018,024	375,136	1,393,160
Total deferred inflows of resources	6,005,112	1,945,608	7,950,720
Net position:			
Net investment in capital assets	29,725,143	33,700,249	63,425,392
Restricted for:			
Capital projects	657,675	-	657,675
Street maintenance and repair	839,990	-	839,990
Public safety	666,623	-	666,623
Conservation and recreation	64,889	-	64,889
Economic development	639,712	-	639,712
Health	175,496	-	175,496
Judicial	1,686,758	-	1,686,758
Other	11,559	-	11,559
Unrestricted (deficit)	(2,722,208)	7,964,238	5,242,030
Total net position	$ 31,745,637	$ 41,664,487	$ 73,410,124

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 2,551,825	$ 784,356	$ 144,232	$ -
Public safety	6,405,816	436,515	974,881	-
Health	177,704	40,577	4,155	-
Conservation and recreation	727,857	193,126	112,950	-
Economic development	172,928	640	17,893	14,058
Public works	54,133	190	-	1,780,698
Transportation	1,967,927	-	869,608	443,853
Interest and fiscal charges	4,172	-	-	-
Total governmental activities	12,062,362	1,455,404	2,123,719	2,238,609
Business-type activities:				
Water	2,135,138	2,649,211	-	-
Sewer	2,167,143	3,391,523	-	-
Airport	594,672	414,761	-	66,544
Garbage	1,179,314	1,167,746	-	-
Ambulance	559,770	573,808	3,894	-
Other	25,409	18,868	-	-
Total business-type activities	6,661,446	8,215,917	3,894	66,544
Total primary government	$ 18,723,808	$ 9,671,321	$ 2,127,613	$ 2,305,153

General revenues:
Property taxes levied for:
General purposes
Special revenue
Income taxes levied for:
General purposes
Payments in lieu of taxes
Other local taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Change in fair value of investments
Miscellaneous
Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (1,623,237)	$ -	$ (1,623,237)
(4,994,420)	-	(4,994,420)
(132,972)	-	(132,972)
(421,781)	-	(421,781)
(140,337)	-	(140,337)
1,726,755	-	1,726,755
(654,466)	-	(654,466)
(4,172)	-	(4,172)
(6,244,630)	-	(6,244,630)
-	514,073	514,073
-	1,224,380	1,224,380
-	(113,367)	(113,367)
-	(11,568)	(11,568)
-	17,932	17,932
-	(6,541)	(6,541)
-	1,624,909	1,624,909
(6,244,630)	1,624,909	(4,619,721)
516,458	-	516,458
134,158	-	134,158
7,639,306	-	7,639,306
78,012	-	78,012
77,423	-	77,423
475,557	-	475,557
193,196	3,425	196,621
(934,235)	-	(934,235)
34,652	164,093	198,745
8,214,527	167,518	8,382,045
(240,500)	240,500	-
7,974,027	408,018	8,382,045
1,729,397	2,032,927	3,762,324
30,016,240	39,631,560	69,647,800
$ 31,745,637	$ 41,664,487	$ 73,410,124

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	ARPA	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	$ 3,933,881	$ 788,068	$ 3,065,097	$ 5,340,961	$ 13,128,007
Investments	-	-	-	85,900	85,900
Receivables:					
Income taxes	2,006,887	-	-	-	2,006,887
Property taxes	526,390	-	-	147,844	674,234
Accounts	13,727	-	-	17,303	31,030
Payment in lieu of taxes	-	-	-	81,000	81,000
Accrued interest	37,721	-	-	842	38,563
Intergovernmental	286,140	-	220,114	416,724	922,978
Materials and supplies inventory	-	-	-	118,301	118,301
Prepayments	47,286	-	5,754	3,061	56,101
Total assets	$ 6,852,032	$ 788,068	$ 3,290,965	$ 6,211,936	$ 17,143,001
Liabilities:					
Accounts payable	$ 120,408	$ -	$ -	$ 43,176	$ 163,584
Contracts payable	-	-	16,939	-	16,939
Retainage payable	-	-	177,562	-	177,562
Accrued wages and benefits payable	214,151	-	-	18,269	232,420
Intergovernmental payable	147,728	-	-	333,849	481,577
Unearned revenue	-	770,496	-	-	770,496
Total liabilities	482,287	770,496	194,501	395,294	1,842,578
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	500,000	-	-	141,000	641,000
Payment in lieu of taxes levied for the next fiscal year	-	-	-	81,000	81,000
Income tax revenue not available	645,679	-	-	-	645,679
Delinquent property tax revenue not available	26,390	-	-	6,844	33,234
Accrued interest not available	25,749	-	-	-	25,749
Intergovernmental revenue not available	159,552	-	220,114	279,981	659,647
Miscellaneous revenue not available	-	-	-	7,565	7,565
Total deferred inflows of resources	1,357,370	-	220,114	516,390	2,093,874
Fund balances:					
Nonspendable	47,286	-	5,754	121,362	174,402
Restricted	11,559	17,572	-	4,554,930	4,584,061
Assigned	1,719,554	-	2,870,596	640,616	5,230,766
Unassigned (deficit)	3,233,976	-	-	(16,656)	3,217,320
Total fund balances	5,012,375	17,572	2,876,350	5,300,252	13,206,549
Total liabilities, deferred inflows of resources and fund balances	$ 6,852,032	$ 788,068	$ 3,290,965	$ 6,211,936	$ 17,143,001

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

Total governmental fund balances		$ 13,206,549
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		30,425,239
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 645,679	
Real and other taxes receivable	33,234	
Accounts receivable	7,565	
Intergovernmental receivable	659,647	
Accrued interest receivable	25,749	
Total		1,371,874
Accrued interest payable is not due and payable in the current-period and is not reported in the funds.		(220)
The net pension liability and net OPEB liability (asset) are not due and payable in the current-period; therefore, the liability (asset) and related deferred inflows/outflows of resources are not reported in governmental funds.		
Net OPEB asset	487,768	
Deferred outflows of resources - pension	3,626,313	
Deferred outflows of resources - OPEB	958,308	
Net pension liability	(9,756,394)	
Net OPEB liability	(1,471,399)	
Deferred inflows of resources - pension	(4,265,088)	
Deferred inflows of resources - OPEB	(1,018,024)	
Total		(11,438,516)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(211,104)	
OPWC loans payable	(290,571)	
Leases payable	(5,971)	
Compensated absences	(1,311,643)	
Total		(1,819,289)
Net position of governmental activities		$ 31,745,637

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	General	ARPA	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	$ 7,747,120	$ -	$ -	$ -	$ 7,747,120
Property taxes	516,747	-	-	133,984	650,731
Other local taxes	38,144	-	-	39,279	77,423
Charges for services	588,022	-	-	38,727	626,749
Licenses, permits and fees	106,948	-	-	89,297	196,245
Fines and forfeitures	509,214	-	-	76,877	586,091
Intergovernmental	860,279	622,891	1,474,616	1,412,259	4,370,045
Special assessments	9,154	-	-	-	9,154
Investment income	167,447	11,740	85,928	59,171	324,286
Rental income	-	-	-	35,315	35,315
Contributions and donations	-	-	-	34,058	34,058
Refunds and reimbursements	14,346	-	-	5,793	20,139
Payments in lieu of taxes	-	-	-	78,012	78,012
Change in fair value of investments	(934,235)	-	-	-	(934,235)
Other	20,306	-	40	25,078	45,424
Total revenues	9,643,492	634,631	1,560,584	2,027,850	13,866,557
Expenditures:					
Current:					
General government:					
Legislative and executive	1,702,270	-	-	-	1,702,270
Judicial	835,578	-	-	292,912	1,128,490
Public safety	5,521,064	622,891	-	61,811	6,205,766
Health	124,490	-	-	42,478	166,968
Conservation and recreation	660,555	-	-	25,791	686,346
Economic development	67,592	-	-	98,407	165,999
Public works	24,780	-	-	-	24,780
Transportation	399,013	-	-	919,742	1,318,755
Capital outlay	1,037,643	-	1,882,727	517,607	3,437,977
Debt service:					
Principal retirement	40,464	-	23,699	5,232	69,395
Interest and fiscal charges	3,511	-	-	441	3,952
Total expenditures	10,416,960	622,891	1,906,426	1,964,421	14,910,698
Excess (deficiency) of revenues over (under) expenditures	(773,468)	11,740	(345,842)	63,429	(1,044,141)
Other financing sources (uses):					
Sale of capital assets	47,588	-	-	19,250	66,838
Transfers in	-	-	-	240,000	240,000
Transfers (out)	(480,500)	-	-	-	(480,500)
Total other financing sources (uses)	(432,912)	-	-	259,250	(173,662)
Net change in fund balances	(1,206,380)	11,740	(345,842)	322,679	(1,217,803)
Fund balances at beginning of year (restated)	6,218,755	5,832	3,222,192	4,977,573	14,424,352
Fund balances at end of year	$ 5,012,375	$ 17,572	$ 2,876,350	$ 5,300,252	$ 13,206,549

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ (1,217,803)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation/amortization expense in the current period.		
Capital asset additions	$ 2,962,159	
Current year depreciation/amortization	(1,229,622)	
Total		1,732,537
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(107,814)	
Property taxes	(115)	
Intergovernmental revenues	246,032	
Investment income	25,749	
Charges for services	1,850	
Total		165,702
Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		69,395
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(220)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,132,981	
OPEB	18,491	
Total		1,151,472
Except for amounts reported as deferred inflows/outflows of resources; changes in the net pension liability and net OPEB liability/(asset) are reported as pension/OPEB expense in the statement of activities.		
Pension	(450,614)	
OPEB	219,993	
Total		(230,621)
Compensated absences that do not require the use of current financial resources are not reported as expenditures in governmental funds.		58,935
Change in net position of governmental activities		$ 1,729,397

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	$ 7,125,778	$ 7,125,778	$ 7,545,347	$ 419,569
Property taxes	544,000	544,000	538,738	(5,262)
Other local taxes	38,145	38,145	38,144	(1)
Charges for services	432,378	432,378	466,501	34,123
Licenses, permits and fees	134,500	134,500	106,948	(27,552)
Fines and forfeitures	502,645	502,645	502,067	(578)
Intergovernmental	559,474	559,474	686,425	126,951
Special assessments	8,709	8,709	9,154	445
Investment income	200,000	200,000	155,475	(44,525)
Rental income	500	500	-	(500)
Refunds and reimbursements	598,871	598,871	329,489	(269,382)
Other	50,000	50,000	8,605	(41,395)
Total revenues	10,195,000	10,195,000	10,386,893	191,893
Expenditures:				
Current:				
General government:				
Legislative and executive	1,829,983	1,916,983	1,669,604	247,379
Judicial	885,907	885,907	839,912	45,995
Public safety	6,013,637	6,191,938	5,566,222	625,716
Health	130,000	130,000	124,490	5,510
Economic development	66,465	71,465	68,682	2,783
Public works	391,995	391,995	13,631	378,364
Transportation	502,832	502,832	440,913	61,919
Capital outlay	1,061,739	1,167,479	945,470	222,009
Debt service:				
Principal retirement	40,320	40,320	40,320	-
Interest and fiscal charges	3,655	3,655	3,655	-
Total expenditures	10,926,533	11,302,574	9,712,899	1,589,675
Excess (deficiency) of revenues over (under) expenditures	(731,533)	(1,107,574)	673,994	1,781,568
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	47,278	42,278
Transfers in	50,000	50,000	-	(50,000)
Transfers (out)	(1,128,400)	(1,128,400)	(937,000)	191,400
Total other financing sources (uses)	(1,073,400)	(1,073,400)	(889,722)	183,678
Net change in fund balances	(1,804,933)	(2,180,974)	(215,728)	1,965,246
Fund balances at beginning of year	3,042,678	3,042,678	3,042,678	-
Prior year encumbrances appropriated	469,784	469,784	469,784	-
Fund balance at end of year	$ 1,707,529	$ 1,331,488	$ 3,296,734	$ 1,965,246

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental	$ 1,387,845	$ 1,387,845	$ 699,464	$ (688,381)
Investment income	12,155	12,155	11,740	(415)
Total revenues	1,400,000	1,400,000	711,204	(688,796)
Expenditures:				
Current:				
General government:				
Legislative and executive	163,729	163,729	-	163,729
Public safety	622,891	622,891	622,891	-
Total expenditures	786,620	786,620	622,891	163,729
Net change in fund balances	613,380	613,380	88,313	(525,067)
Fund balances at beginning of year	699,755	699,755	699,755	-
Fund balance at end of year	$ 1,313,135	$ 1,313,135	$ 788,068	$ (525,067)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Airport Fund**	**Garbage Fund**	**Ambulance Fund**
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	$ 2,477,061	$ 4,361,279	$ 383,527	$ 1,139,769	$ 711,033
Receivables:					
Accounts	522,893	665,991	-	120,624	528,980
Accrued interest	-	-	430	-	-
Lease	-	-	65,024	-	-
Materials and supplies inventory	127,462	24,780	-	-	-
Prepayments	8,990	-	440	-	1,379
Total current assets	3,136,406	5,052,050	449,421	1,260,393	1,241,392
Noncurrent assets:					
Lease	-	-	63,885	-	-
Net OPEB asset	137,284	142,518	-	24,954	10,511
Capital assets:					
Land and construction in progress	1,224,571	280,180	745,305	75,814	-
Depreciable capital assets, net	9,117,267	15,288,691	7,842,670	238,155	295,211
Total capital assets, net	10,341,838	15,568,871	8,587,975	313,969	295,211
Total noncurrent assets	10,479,122	15,711,389	8,651,860	338,923	305,722
Total assets	13,615,528	20,763,439	9,101,281	1,599,316	1,547,114
Deferred outflows of resources:					
Pension	179,678	176,462	-	35,514	193,719
OPEB	725	-	-	516	54,527
Total deferred outflows of resources	180,403	176,462	-	36,030	248,246
Liabilities:					
Current liabilities:					
Accounts payable	23,204	64,544	9,570	76,687	5,376
Contracts payable	41,985	22,840	-	-	-
Retainage payable	8,796	12,004	-	-	-
Accrued wages and benefits payable	27,413	27,557	-	2,594	31,952
Due to other governments	15,653	16,056	-	1,326	33,776
Accrued interest payable	547	732	352	-	-
Compensated absences payable	51,131	33,440	-	2,660	52,560
Refundable deposits	-	-	-	-	-
General obligation bonds payable	102,388	137,081	156,011	-	-
OPWC loans payable	712	22,920	-	-	-
Total current liabilities	271,829	337,174	165,933	83,267	123,664
Long-term liabilities:					
Compensated absences payable	218,574	114,906	-	1,171	46,276
General obligation bonds payable	422,440	565,573	22,067	-	-
OPWC loans payable	1,068	153,960	-	-	-
Net pension liability	385,532	400,229	-	70,079	509,921
Net OPEB liability	-	-	-	-	84,285
Total long-term liabilities	1,027,614	1,234,668	22,067	71,250	640,482
Total liabilities	1,299,443	1,571,842	188,000	154,517	764,146
Deferred inflows of resources:					
Lease	-	-	130,466	-	-
Pension	470,737	553,634	-	85,547	324,527
OPEB	144,141	159,202	-	26,183	44,045
Total deferred inflows of resources	614,878	712,836	130,466	111,730	368,572
Net position:					
Net investment in capital assets	9,764,449	14,654,493	8,409,897	313,969	295,211
Unrestricted	2,117,161	4,000,730	372,918	1,055,130	367,431
Total net position	$ 11,881,610	$ 18,655,223	$ 8,782,815	$ 1,369,099	$ 662,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total
$ 276,071	$ 9,348,740
-	1,838,488
-	430
-	65,024
-	152,242
-	10,809
276,071	11,415,733
-	63,885
1,396	316,663
216,620	2,542,490
45,610	32,827,604
262,230	35,370,094
263,626	35,750,642
539,697	47,166,375
1,728	587,101
-	55,768
1,728	642,869
1,390	180,771
-	64,825
-	20,800
237	89,753
142	66,953
-	1,631
-	139,791
215,511	215,511
-	395,480
-	23,632
217,280	1,199,147
-	380,927
-	1,010,080
-	155,028
3,921	1,369,682
-	84,285
3,921	3,000,002
221,201	4,199,149
-	130,466
5,561	1,440,006
1,565	375,136
7,126	1,945,608
262,230	33,700,249
50,868	7,964,238
$ 313,098	$ 41,664,487

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	Business-type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Airport Fund**	**Garbage Fund**	**Ambulance Fund**
Operating revenues:					
Charges for services	$ 2,638,610	$ 3,391,498	$ 255,414	$ 1,167,746	$ 573,808
Refunds and reimbursements	10,601	25	-	-	-
Rental income	-	-	159,347	-	-
Other operating revenues	111,213	5,596	-	45,149	19
Total operating revenues	2,760,424	3,397,119	414,761	1,212,895	573,827
Operating expenses:					
Personal services	745,123	774,599	-	120,786	406,510
Contract services	432,904	373,078	134,514	975,664	19,138
Materials and supplies	453,788	120,567	230,853	35,730	55,397
Depreciation	466,840	825,332	217,515	37,910	42,377
Other	27,194	61,148	6,005	9,224	36,348
Total operating expenses	2,125,849	2,154,724	588,887	1,179,314	559,770
Operating income (loss)	634,575	1,242,395	(174,126)	33,581	14,057
Nonoperating revenues (expenses):					
Interest and fiscal charges	(9,289)	(12,419)	(5,785)	-	-
Gain (loss) on sale of capital assets	2,116	-	-	-	-
Interest income	-	-	3,425	-	-
Intergovernmental	-	-	-	-	3,894
Total nonoperating revenues (expenses)	(7,173)	(12,419)	(2,360)	-	3,894
Income (loss) before contributions and transfers	627,402	1,229,976	(176,486)	33,581	17,951
Transfer in	-	-	240,500	-	-
Capital contributions	-	-	66,544	-	-
Change in net position	627,402	1,229,976	130,558	33,581	17,951
Net position at beginning of year	11,254,208	17,425,247	8,652,257	1,335,518	644,691
Net position at end of year	$ 11,881,610	$ 18,655,223	$ 8,782,815	$ 1,369,099	$ 662,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total
$ 17,082	$ 8,044,158
-	10,626
1,786	161,133
-	161,977
18,868	8,377,894
6,153	2,053,171
-	1,935,298
-	896,335
4,177	1,594,151
15,079	154,998
25,409	6,633,953
(6,541)	1,743,941
-	(27,493)
-	2,116
-	3,425
-	3,894
-	(18,058)
(6,541)	1,725,883
-	240,500
-	66,544
(6,541)	2,032,927
319,639	39,631,560
$ 313,098	$ 41,664,487

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	Business-type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Airport Fund**	**Garbage Fund**	**Ambulance Fund**
Cash flows from operating activities:					
Cash received from customers	$ 2,618,130	$ 3,359,560	$ 416,318	$ 1,163,049	$ 631,723
Cash received from other operations	118,143	5,621	-	45,149	19
Cash payments for personal services	(1,038,865)	(1,162,794)	-	(166,973)	(401,775)
Cash payments for contractual services	(434,321)	(350,333)	(129,796)	(966,730)	(18,789)
Cash payments for materials and supplies	(498,630)	(107,799)	(230,079)	(35,730)	(56,033)
Cash payments for other expenses	(36,054)	(61,089)	(7,446)	(9,224)	(37,730)
Net cash provided by operating activities	728,403	1,683,166	48,997	29,541	117,415
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies	-	-	-	-	3,894
Cash received from transfers in	-	-	240,500	-	-
Interest received from lease	-	-	2,995	-	-
Net cash provided by noncapital financing activities	-	-	243,495	-	3,894
Cash flows from capital and related financing activities:					
Sale of capital assets	2,116	-	-	-	-
Capital contributions	-	-	66,544		-
Acquisition of capital assets	(694,628)	(394,314)	(259,201)	-	(20,732)
Principal retirement on general obligation bonds	(100,598)	(134,683)	(145,922)	-	-
Principal retirement on OPWC loans	(712)	(22,920)	-	-	-
Interest and fiscal charges	(8,742)	(11,687)	(5,433)	-	-
Net cash (used in) capital and related financing activities	(802,564)	(563,604)	(344,012)	-	(20,732)
Net increase (decrease) in cash and cash equivalents	(74,161)	1,119,562	(51,520)	29,541	100,577
Cash and cash equivalents at beginning of year	2,551,222	3,241,717	435,047	1,110,228	610,456
Cash and cash equivalents at end of year	$ 2,477,061	$ 4,361,279	$ 383,527	$ 1,139,769	$ 711,033

Nonmajor Enterprise Funds	Total
$ 37,058	$ 8,225,838
-	168,932
(8,141)	(2,778,548)
-	(1,899,969)
-	(928,271)
(15,695)	(167,238)
13,222	2,620,744
-	3,894
-	240,500
-	2,995
-	247,389
-	2,116
-	66,544
-	(1,368,875)
-	(381,203)
-	(23,632)
-	(25,862)
-	(1,730,912)
13,222	1,137,221
262,849	8,211,519
$ 276,071	$ 9,348,740

- *(Continued)*

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

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund	Ambulance Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 634,575	$ 1,242,395	$ (174,126)	$ 33,581	$ 14,057
Adjustments:					
Depreciation	466,840	825,332	217,515	37,910	42,377
(Increase) decrease in assets and deferred outflows:					
Materials and supplies inventory	(36,232)	(83)	-	-	-
Accounts receivable	(24,151)	(31,938)	-	(4,697)	57,915
Prepayments	793	-	-	-	(66)
Lease	-	-	(128,909)	-	-
Net OPEB asset	(60,683)	(52,399)	-	(11,436)	(6,005)
Deferred outflows - pension	(89,992)	(67,044)	-	(14,131)	(72,896)
Deferred outflows - OPEB	37,411	46,926	-	9,684	33,766
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable	(26,560)	28,759	4,051	8,972	1,517
Accrued wages and benefits	846	(2,001)	-	(2,290)	21,485
Due to other governments	4,393	2,951	-	(872)	26,493
Compensated absences payable	2,634	(42,165)	-	(1,840)	5,503
Refundable deposits	-	-	-	-	-
Net pension liability	(258,905)	(357,932)	-	(43,645)	(88,865)
Net OPEB liability	-	-	-	-	(2,887)
Deferred inflows - lease	-	-	130,466	-	-
Deferred inflows - pension	176,744	213,465	-	34,521	139,618
Deferred inflows - OPEB	(99,310)	(123,100)	-	(16,216)	(54,597)
Net cash provided by operating activities	$ 728,403	$ 1,683,166	$ 48,997	$ 29,541	$ 117,415
Noncash capital financing activities:					
Capital related payables at the end of 2022	$ 50,781	$ 41,773	$ -	$ -	$ -
Capital related payables at the end of 2021	47,277	-	-	-	6,050

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total
$ (6,541)	$ 1,743,941
4,177	1,594,151
-	(36,315)
-	(2,871)
-	727
-	(128,909)
(495)	(131,018)
226	(243,837)
1,045	128,832
(616)	16,123
(39)	18,001
22	32,987
-	(35,868)
18,190	18,190
(3,661)	(753,008)
-	(2,887)
-	130,466
2,137	566,485
(1,223)	(294,446)
$ 13,222	$ 2,620,744
$ -	$ 92,554
-	53,327

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Private Purpose Trust	Custodial
Assets:		
Equity in pooled cash and cash equivalents	$ 16,293	$ 9,625
Cash and cash equivalents in segregated accounts	-	38,326
Investments	60,000	-
Accrued interest receivable	1,292	-
Total assets	77,585	47,951
Liabilities:		
Accounts payable	-	3,480
Total liabilities	-	3,480
Net position:		
Held in trust	77,585	-
Restricted for organizations and other governments	-	44,471
Total net position	$ 77,585	$ 44,471

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

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

	Private Purpose Trust	Custodial
Additions:		
Fines and forfeitures for other governments	$ -	$ 2,047,540
Fees for other organizations	-	75,675
Interest	2,584	-
Total additions	2,584	2,123,215
Deductions:		
Fines and forfeitures distributions to other governments	-	2,111,362
Fee distributions to organizations	-	104,882
Endowments	4,100	-
Total deductions	4,100	2,216,244
Change in net position	(1,516)	(93,029)
Net position at beginning of year	79,101	137,500
Net position at end of year	$ 77,585	$ 44,471

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Bellefontaine, (the "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 was formed as a village in 1820 and incorporated in 1835. In 1900 it became a City and is presently a home rule municipal corporate under the laws of the State of Ohio.

The City has operates under a council-mayor form of government and provides the following services: public safety, public services, recreation and development. Education services are provided by the Bellefontaine City School District, which is a separate governmental entity and its financial statements are not included in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City's financial statement includes all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Component units are legally separate organizations for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police and fire protection, ambulance services, planning, zoning, street maintenance and repairs, economic development, parks and recreation, airport, and water, sewer and garbage utilities. The City included in its financial statements the operations and balances of the Bellefontaine Municipal Court and the Park Commission. The City has not included the Bellefontaine City School District, which elects its own officials, and has no control over its operations. The preceding financial statements include all funds of the City (the primary government).

B. Basis of Presentation - Fund Accounting

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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

C. Fund Accounting

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

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

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

American Rescue Plan Act (ARPA) fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act (ARPA) of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

Capital improvement fund - The capital improvement fund is used to account for and report financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

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

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

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

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

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

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

Airport fund - This fund accounts for the activities of the City's airport.

Garbage fund - This fund accounts for the operations providing garbage waste removal to the residents and commercial users located within the City.

Ambulance fund - This fund accounts for the City's ambulance activities.

The City's nonmajor enterprise funds are used to account for parking meter and public utility trust operations.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's private-purpose trust funds account for resources legally held in trust. The City's custodial funds account for fines, fees and forfeitures collected and distributed to organizations or other governments.

D. Measurement Focus

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred inflows of resources, liabilities and deferred outflows 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.

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

E. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty (60) days of year end.

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes, accrued interest, intergovernmental grants, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

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

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension liability/assets and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is by department, and within each, appropriated for personal services. Council can amend the budget at the legal level of budgetary control through the passage of supplemental ordinances. Management can amend appropriations below this level without Council approval.

G. Cash and Cash Equivalents

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

During 2022, investments were limited to nonnegotiable certificates of deposit (CDs), negotiable CDs, and U.S. Government money market mutual funds. Investments are reported at fair value. Fair value is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During 2022, interest revenue credited to the general fund amounted to $167,447, which includes $119,328 assigned from other City funds.

For purpose of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent that the investment was purchased from a specific fund.

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

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

H. Inventories of Materials and Supplies

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

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

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

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of $5,000. The City's infrastructure consists of roads, bridges, sidewalks, and other similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Classification	Useful Life
Infrastructure	10-80 years
Buildings	40 years
Utility plant in service	40-80 years
Improvements other than buildings	20-50 years
Machinery, vehicles, furniture and equipment	5-20 years
Intangible right to use - leased equipment	5 years

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

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. All accumulated vacation, compensatory time, and vested accumulated sick leave is recorded as a liability in the government-wide and proprietary fund financial statements. In the governmental funds, accumulated vacation leave, compensatory time and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

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

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

K. Prepaid Items

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

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

N. 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 Council and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2022.

O. Estimates

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

P. Interfund Activity

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

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

Q. Net Position

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

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water, sewer, airport, garbage, ambulance, and parking meter enterprise funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

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

S. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". Receivables and payables for services provided by one fund to another fund are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund balances to report at December 31, 2022.

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value Measurements

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

V. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2022, the airport fund received $66,544 in contributions of capital from grants.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

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

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

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

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

B. Prior Period Adjustment and Restatement of Net Position/Fund Balance

A prior period adjustment was made at January 1, 2022 to report the BWC trust fund and self-insurance fund as a component of the general fund, rather than internal service funds. The City is not self-insured for workers compensation or health insurance and these funds are not required to be reported as internal service funds. The prior period adjustment had the following effect on net position as reported at January 1, 2022:

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

	General Fund	Total Governmental Funds	Internal Service Funds
Fund balance/net position as previously reported	$ 5,318,025	$ 13,523,622	$ 900,730
Prior period adjustment	900,730	900,730	(900,730)
Restated fund balance/net position at January 1, 2022	$ 6,218,755	$ 14,424,352	$ -

The City no longer reports internal service funds as of January 1, 2022.

C. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficit:

Nonmajor governmental fund	Deficit
Mainstreet TIF capital projects fund	$ 16,656

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

1. Bonds of the State of Ohio;

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

3. Obligations of the City.

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

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

A. Cash and Cash Equivalents in Segregated Accounts

At year end, the City had $38,326 deposited with a financial institution for monies related to the Municipal Court which is reported as a custodial fund. As of December 31, 2022, that bank balance held in segregated accounts was $214,865, of which the entire balance was covered by the FDIC. These amounts are not included in the City's depository balance below.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was $5,179,974 and the bank balance of all City deposits was $5,033,142. Of the bank balance, $510,664 was covered by the FDIC, $1,794,667 was covered by the Ohio Pooled Collateral System (OPCS), and the remaining $2,727,811 was potentially exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS but had 65.59 percent collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

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

		Investment Maturity				
Measurement/Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
Negotiable CDs	$ 16,097,678	$ 941,646	$ 1,603,483	$ 240,783	$ 2,637,994	$ 10,673,772
U.S. government money market mutual funds	1,370,913	1,370,913	-	-	-	-
Total	$ 17,468,591	$ 2,312,559	$ 1,603,483	$ 240,783	$ 2,637,994	$ 10,673,772

The weighted average maturity of investments is 2.60 years.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The negotiable CDs and the U.S. government money market were not rated. The negotiable CDs are covered by FDIC. The City has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

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

Investment type	Measurement Value	% to Total
Negotiable CDs	$ 16,097,678	92.15
U.S. government money market mutual funds	1,370,913	7.85
Total	$ 17,468,591	100.00

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of December 31, 2022:

Cash and cash equivalents per note	
Carrying amount of deposits	$ 5,179,974
Cash in segregated accounts	38,326
Investments	17,468,591
Total	$ 22,686,891

Cash and cash equivalents per statement of net position	
Governmental activities	$ 13,213,907
Business type activities	9,348,740
Private-purpose trust funds	76,293
Custodial funds	47,951
Total	$ 22,686,891

NOTE 5 - INTERFUND TRANSACTIONS

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

	Transfers to		
Transfers from	Airport	Nonmajor Governmental	Total
General	$ 240,500	$ 240,000	$ 480,500

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellefontaine. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2022 was $3.00 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 166,499,790
Commercial/industrial/mineral	75,004,680
Public utility	
Real	162,860
Personal	13,410,320
Total assessed value	$ 255,077,650

NOTE 7 - INCOME TAXES

The City levies an income tax of 1.333% on the gross salaries, wages and other personal services compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid, up to .666% which would be due the City, to other Ohio municipalities.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the general fund. Income tax receipts, net of related administrative costs, are disbursed, appropriated and allocated in accordance with ordinance No. 3565 as amended.

NOTE 8 - TAX ABATEMENTS

Under the authority of Ohio Revised Code Sections 3735.65 - 3735.70, the City established the Bellefontaine Community Reinvestment Area (CRA) program. Legislation established that the remodeling of existing and construction of the new structures within these CRAs constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Within the area, the percentage of any tax exemptions on the increase in the assessed valuation resulting from improvements to commercial or industrial real property and the terms of those exemptions shall be negotiated in advance of construction or remodeling occurring and shall be anywhere from 0% to 100%.

The period of exemption shall be negotiated and approved, an a project-by-project basis, shall: (a) not exceed fifteen years for existing commercial or industrial facilities; and (b) not exceed fifteen years for new commercial or industrial facilities.

Within the area, the percentage of any tax exemptions on the increase in the assessed value resulting from construction of or improvements to residential real property shall be as follows: (a) Fifty percent for five years for remodeling where the increase in fair market value is $10,000 or greater; (b) one hundred percent for five years for new construction completed by the homeowner or developer of less than six single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year; or (c) one hundred percent for twelve years for new construction by a developer of six or more single family houses and/or multi-unit residential structures containing three or less units under one roof, or a combination thereof, all of which are built within a single calendar year.

The City will not be disclosing these abatement agreements individually. The City will also not be disclosing the individual company tax incentive payments pursuant to ORC 718.13.

Provisions for recapturing abated taxes - There are no provisions for recapturing abated taxes as each abatement is reviewed by the Tax Incentive Review Council. The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council, the assessed valuation of the property will be set at its fair market valuation with no additional exemption allowed.

The gross dollar amount by which the taxes were reduced to the City for 2022 was $212,708.

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NOTE 9 - RECEIVABLES

A. Receivables at December 31, 2022 consisted of taxes, accounts (billings for user charged services), payment in lieu of taxes, accrued interest, intergovernmental receivables arising from grants, entitlements, and leases. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

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

Governmental activities:	
Income taxes	$ 2,006,887
Property and other taxes	674,234
Accounts	31,030
Payment in lieu of taxes	81,000
Accrued interest	38,563
Due from other governments	922,978
Business-type activities:	
Accounts	1,838,488
Accrued interest	430
Lease	128,909

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the lease receivable which will be collected over the life of the assessment.

B. Leases Receivable

The City is reporting a lease receivable in the amount of $128,909 in the airport fund. For 2022, the airport fund recognized lease revenue of $65,233, which is reported in rental income, and interest revenue of $3,425.

The City has entered into the following lease agreement as the lessor as follows:

Lease Type	Lease Commencement Date	Years	Lease End Date	Payment Method
Business-Type Activities:				
Triple K Farms - Bellefontaine Regional Airport Farm (Land Lease)	1/1/2022	3	12/31/2024	Biannual

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

	Business-Type Activities		
Fiscal Year	Principal	Interest	Total
2023	$ 65,024	$ 2,320	$ 67,344
2024	63,885	1,018	64,903
Total	$ 128,909	$ 3,338	$ 132,247

NOTE 10 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the City has reported capital assets for intangible right to use - leased equipment at January 1, 2022, which was reported in the equipment classification in the prior year. Capital asset activity for the year ended December 31, 2022, was as follows:

Governmental activities:	(Restated) Balance 12/31/21	Additions	Disposals	Balance 12/31/22
Capital assets, not being depreciated/amortized:				
Land	$ 7,948,000	$ -	$ -	$ 7,948,000
Construction in progress	-	1,918,292	-	1,918,292
Total capital assets, not being depreciated/amortized	7,948,000	1,918,292	-	9,866,292
Capital assets, being depreciated/amortized:				
Land improvements	5,968,952	252,175	-	6,221,127
Buildings	4,949,901	-	-	4,949,901
Building components	941,535	-	-	941,535
Equipment	2,802,698	187,461	-	2,990,159
Furniture	171,373	-	-	171,373
Vehicles	3,580,232	106,822	-	3,687,054
Infrastructure	20,775,426	497,409	-	21,272,835
Infrastructure contributions	3,146,226	-	-	3,146,226
Intangible right to use:				
Leased equipment	16,449	-	-	16,449
Total capital assets, being depreciated/amortized	42,352,792	1,043,867	-	43,396,659
Less: accumulated depreciation/amortization:				
Land improvements	(746,227)	(71,370)	-	(817,597)
Buildings	(3,013,151)	(76,983)	-	(3,090,134)
Building components	(277,551)	(77,446)	-	(354,997)
Equipment	(1,573,245)	(159,179)	-	(1,732,424)
Furniture	(127,588)	(4,849)	-	(132,437)
Vehicles	(2,712,377)	(126,122)	-	(2,838,499)
Infrastructure	(12,444,847)	(642,717)	-	(13,087,564)
Infrastructure contributions	(704,222)	(67,995)	-	(772,217)
Intangible right to use:				
Leased equipment	(8,882)	(2,961)	-	(11,843)
Total accumulated depreciation/amortization	(21,608,090)	(1,229,622)	-	(22,837,712)
Total capital assets, being depreciated/amortized, net	20,744,702	(185,755)	-	20,558,947
Governmental activities capital assets, net	$ 28,692,702	$ 1,732,537	$ -	$ 30,425,239

NOTE 10 - CAPITAL ASSETS - (Continued)

Business-type activities:	Balance 12/31/21	Additions	Disposals	Balance 12/31/22
Capital assets, not being depreciated:				
Land	$ 2,028,393	$ -	$ -	$ 2,028,393
Construction in progress	375,293	736,491	(597,687)	514,097
Total capital assets, not being depreciated	2,403,686	736,491	(597,687)	2,542,490
Capital assets, being depreciated:				
Land improvements	8,661,338	373,876	-	9,035,214
Buildings	14,322,416	-	-	14,322,416
Building components	164,560	-	-	164,560
Equipment	6,869,929	255,610	-	7,125,539
Furniture	72,772	-	-	72,772
Vehicles	2,402,126	91,386	-	2,493,512
Infrastructure	22,271,889	548,426	-	22,820,315
Infrastructure contributions	2,206,978	-	-	2,206,978
Total capital assets, being depreciated	56,972,008	1,269,298	-	58,241,306
Less: accumulated depreciation:				
Land improvements	(2,557,065)	(130,790)	-	(2,687,855)
Buildings	(5,410,034)	(229,570)	-	(5,639,604)
Building components	(61,392)	(9,181)	-	(70,573)
Equipment	(3,996,154)	(349,677)	-	(4,345,831)
Furniture	(47,068)	(6,082)	-	(53,150)
Vehicles	(1,393,303)	(126,709)	-	(1,520,012)
Infrastructure	(9,643,947)	(709,228)	-	(10,353,175)
Infrastructure contributions	(710,588)	(32,914)	-	(743,502)
Total accumulated depreciation	(23,819,551)	(1,594,151)	-	(25,413,702)
Total capital assets, being depreciated, net	33,152,457	(324,853)	-	32,827,604
Business-type activities capital assets, net	$ 35,556,143	$ 411,638	$ (597,687)	$ 35,370,094

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:	
Legislative and executive	$ 89,626
Judicial	46,853
Public safety	129,970
Health	11,665
Conservation and recration	126,442
Public works	118,675
Transportation	706,391
Total depreciation expense - governmental activities	$ 1,229,622

Business-type activities:	
Water	$ 466,840
Sewer	825,332
Airport	217,515
Garbage	37,910
Ambulance	42,377
Other nonmajor	4,177
Total depreciation expense - business-type activities	$ 1,594,151

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NOTE 11 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the City has reported leases payable at January 1, 2022, which were reported in the prior year as capital lease payable. Long-term obligation activity for the year ended December 31, 2022, for governmental activities was as follows:

	Interest Rate	(Restated) Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Due Within One Year
Governmental activities:						
General obligation bonds:						
2020 various purpose refunding bonds	1.25%	$ 251,568	$ -	$ (40,464)	$ 211,104	$ 41,184
Total bonds		251,568	-	(40,464)	211,104	41,184
Direct borrowing loans:						
OPWC roadway improvement	0%	140,782	-	(11,732)	129,050	11,731
OPWC wispering pines resurfacing	0%	173,488	-	(11,967)	161,521	11,964
Total loans		314,270	-	(23,699)	290,571	23,695
Other long-term liabilities:						
Leases payable		11,203	-	(5,232)	5,971	5,486
Net pension liability		11,016,075	-	(1,259,681)	9,756,394	-
Net OPEB liability		1,365,694	105,705	-	1,471,399	-
Compensated absences		1,370,578	530,433	(589,368)	1,311,643	389,611
Total other long-term liabilities		13,763,550	636,138	(1,854,281)	12,545,407	395,097
Total governmental activities long-term liabilities		$ 14,329,388	$ 636,138	$ (1,918,444)	$ 13,047,082	$ 459,976

Long-term obligation activity for the year ended December 31, 2022, for business-type activities was as follows:

	Interest Rate	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Due Within One Year
Business-type activities:						
General obligation bonds:						
2015 airport improvement refunding bonds	2.57%	$ 291,331	$ -	$ (140,667)	$ 150,664	$ 150,664
2020 various purpose refunding bonds	1.25%	1,495,432	-	(240,536)	1,254,896	244,816
Total bonds		1,786,763	-	(381,203)	1,405,560	395,480
Direct borrowing loans:						
OPWC waterline replacement	0%	2,492	-	(712)	1,780	712
OPWC storm water drainage	0%	54,600	-	(8,400)	46,200	8,400
OPWC wastewater treatment plant upgrade	0%	145,200	-	(14,520)	130,680	14,520
Total loans		202,292	-	(23,632)	178,660	23,632
Other long-term liabilities:						
Net pension liability		2,122,690	-	(753,008)	1,369,682	-
Net OPEB liability		87,172	-	(2,887)	84,285	-
Compensated absences		556,586	113,504	(149,372)	520,718	139,791
Total other long-term liabilities		2,766,448	113,504	(905,267)	1,974,685	139,791
Total business-type activities long-term liabilities		$ 4,755,503	$ 113,504	$ (1,310,102)	$ 3,558,905	$ 558,903

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability and Net OPEB Liability - See Notes 14 and 15 for details on the City's net pension liability and net OPEB liability, respectively. The City pays obligations related to employee compensation from the fund benefiting from their services.

Compensated Absences - Compensated absences for governmental activities will be paid from the fund in which the employee who has earned the leave is paid from.

OPWC Loans - In prior years, the City entered into agreements with the Ohio Public Works Commission (OPWC) for various construction projects. The loans are interest free and payable through 2036 by the capital improvement fund, the water fund, and the sewer fund. The loans in the water and sewer fund are payable from water and sewer fund revenues, respectively.

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

2015 Airport Improvement Refunding Bonds - During 2015, the City issued $1,126,000 in Airport Improvement Refunding Bonds for the purpose of refinancing the outstanding 2004 Airport Improvement General Obligation Bonds. The bonds have an interest rate of 2.57 percent and mature in 2023. The bonds are retired through the Airport fund. As a result of this refunding, the City reduced its total debt requirements by $111,811. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

2020 Various Purpose Refunding Bonds - On September 3, 2020, the City issued $2.054 million in general obligation bonds to current refund the 2010 energy bonds ($287,310 within the governmental funds and $1,707,690 within the enterprise funds). The bonds were issued with an interest rate of 1.25%, compared to the refunded bonds having interest rates ranging from 2.0 to 3.75%. The issuance resulted in a cash flow savings of $154,365 and an economic benefit of $147,331. The bonds mature in 2027 and are retired through the general fund, water fund, sewer fund and airport fund. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment. Water and sewer revenue bonds are for utility construction projects. Revenues of the utility facilities have been pledged to repay these debts.

Leases payable - During 2019, the City entered into a lease payable agreement for copiers and printers for the intangible right to use. The lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. The lease payable agreement is retired through the municipal court computer fund (a nonmajor governmental fund). At December 31, 2022, the portion of the leases payable obligation capitalized as an intangible right to use - leased asset is $3,920.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The annual requirements amortize governmental activities long-term obligations outstanding as of December 31, 2022, are as follows:

Year	OPWC Loans - Governmental Activities			OPWC Loans - Business-Type Activities		
Ended	Principal	Interest	Total	Principal	Interest	Total
2023	$ 23,695	$ -	$ 23,695	$ 23,632	$ -	$ 23,632
2024	23,697	-	23,697	23,632	-	23,632
2025	23,696	-	23,696	23,276	-	23,276
2026	23,697	-	23,697	22,920	-	22,920
2027	23,696	-	23,696	22,920	-	22,920
2028 - 2032	118,482	-	118,482	62,280	-	62,280
2033 - 2036	53,608	-	53,608	-	-	-
Totals	$ 290,571	$ -	$ 290,571	$ 178,660	$ -	$ 178,660

Year	2020 Various Purpose Refunding Bonds - Governmental Activities			2020 Various Purpose Refunding Bonds - Business-Type Activities		
Ended	Principal	Interest	Total	Principal	Interest	Total
2023	$ 41,184	$ 2,639	$ 43,823	$ 244,816	$ 15,686	$ 260,502
2024	41,904	2,124	44,028	249,096	12,626	261,722
2025	41,760	1,600	43,360	248,240	9,513	257,753
2026	42,912	1,078	43,990	255,088	6,409	261,497
2027	43,344	542	43,886	257,656	3,221	260,877
Totals	$ 211,104	$ 7,983	$ 219,087	$ 1,254,896	$ 47,455	$ 1,302,351

Year	2015 Airport Improvement Refunding Bonds Business-Type Activities			Leases Payable Governmental Activities		
Ended	Principal	Interest	Total	Principal	Interest	Total
2023	$ 150,664	$ 3,872	$ 154,536	$ 5,486	$ 188	$ 5,674
2024	-	-	-	485	2	487
Totals	$ 150,664	$ 3,872	$ 154,536	$ 5,971	$ 190	$ 6,161

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2022, the City's total debt margin was $26,572,049 and the unvoted debt margin was $14,029,271.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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. Real property and contents are 100% insured with a $1,000 deductible. Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the City are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage. The City pays the State Worker's Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs.

Medical coverage is offered to employees. Medical Mutual of Ohio manages the claims and absorbs the risk of loss.

NOTE 13 - OTHER EMPLOYEE BENEFITS

The City accrues unpaid bonus, compensatory time and vacation as it is earned and certain portions of sick leave as payment becomes probable. Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave may be converted into cash upon retirement with ten years of service at the rate of thirty-three percent for a maximum of 40 eight-hour workdays. Individuals leaving employment of the City prior to retirement or at retirement with less than three years of service lose their accumulated unpaid vested leave.

Vacation leave accumulates at a varying rate based upon years of service. No more than three years entitlement of vacation can be carried forward into the next calendar year unless the employee is unable to use his vacation due to the operational needs of the City. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-years' entitlements accrual.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $598,368 for 2022. Of this amount, $90,431 is reported as due to other governments.

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $814,277 for 2022. Of this amount, $126,979 is reported as due to other governments.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.025600%	0.137125%	
Proportion of the net pension liability/asset current measurement date	0.025965%	0.141931%	
Change in proportionate share	0.000365%	0.004806%	
Proportionate share of the net pension liability	$ 2,259,061	$ 8,867,015	$ 11,126,076
Pension expense	(397,049)	696,967	299,918

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

	OPERS - Traditional	OP&F	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ 115,163	$ 255,668	$ 370,831
Changes of assumptions	282,492	1,620,510	1,903,002
Changes in employer's proportionate percentage/ difference between employer contributions	109,756	417,180	526,936
Contributions subsequent to the measurement date	598,368	814,277	1,412,645
Total deferred outflows of resources	$ 1,105,779	$ 3,107,635	$ 4,213,414

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OP&F	Total
Deferred inflows of resources:			
Differences between expected and actual experience	$ 49,547	$ 460,963	$ 510,510
Net difference between projected and actual earnings on pension plan investments	2,687,072	2,324,797	5,011,869
Changes in employer's proportionate percentage/ difference between employer contributions	84,625	98,090	182,715
Total deferred inflows of resources	$ 2,821,244	$ 2,883,850	$ 5,705,094

$1,412,645 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability in the year ending December 31, 2023.

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

	OPERS - Traditional	OP&F	Total
Year Ending December 31:			
2023	$ (343,050)	$ 109,289	$ (233,761)
2024	(911,488)	(573,554)	(1,485,042)
2025	(631,839)	(206,270)	(838,109)
2026	(427,452)	(132,713)	(560,165)
2027	(4)	212,756	212,752
Thereafter	-	-	-
Total	$ (2,313,833)	$ (590,492)	$ (2,904,325)

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

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

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

Discount Rate **-** The discount rate used to measure the total pension liability was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 5,956,111	$ 2,259,061	$ (817,378)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

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

Note: assumptions are geometric.
* levered 2x
** Numbers are net of expected inflation.

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 13,149,660	$ 8,867,015	$ 5,300,630

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was zero for 2022.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was $19,550 for 2022. Of this amount, $3,049 is reported as intergovernmental payable.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.025292%	0.137125%	
Proportion of the net OPEB liability/asset current measurement date	0.025683%	0.141931%	
Change in proportionate share	0.000391%	0.004806%	
Proportionate share of the net OPEB liability	$ -	$ 1,555,684	$ 1,555,684
Proportionate share of the net OPEB asset	(804,431)	-	(804,431)
OPEB expense	(709,813)	191,360	(518,453)

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

	OPERS	OP&F	Total
Deferred outflows of resources:			
Differences between expected and actual experience	$ -	$ 70,770	$ 70,770
Changes of assumptions	-	688,591	688,591
Changes in employer's proportionate percentage/ difference between employer contributions	11,968	223,197	235,165
Contributions subsequent to the measurement date	-	19,550	19,550
Total deferred outflows of resources	$ 11,968	$ 1,002,108	$ 1,014,076

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources:			
Differences between expected and actual experience	$ 122,020	$ 205,603	$ 327,623
Net difference between projected and actual earnings on OPEB plan investments	383,499	140,530	524,029
Changes of assumptions	325,624	180,683	506,307
Changes in employer's proportionate percentage/ difference between employer contributions	22,885	12,316	35,201
Total deferred inflows of resources	$ 854,028	$ 539,132	$ 1,393,160

$19,550 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2023	$ (525,829)	$ 128,166	$ (397,663)
2024	(177,362)	107,306	(70,056)
2025	(83,793)	107,641	23,848
2026	(55,076)	19,223	(35,853)
2027	-	38,477	38,477
Thereafter	-	42,613	42,613
Total	$ (842,060)	$ 443,426	$ (398,634)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	$ 473,081	$ 804,431	$ 1,079,456

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate* -** Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	$ 813,124	$ 804,431	$ 794,118

Actuarial Assumptions - OP&F

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

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

Note: assumptions are geometric.
* levered 2x
** Numbers are net of expected inflation.

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

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution rate of 0.5%. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 1,955,529	$ 1,555,684	$ 1,227,010

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund and the ARPA special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,

4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General Fund	ARPA Fund
Budget basis	$ (215,728)	$ 88,313
Net adjustment for revenue accruals	(713,912)	(76,573)
Net adjustment for expenditure accruals	41,909	-
Funds budgeted elsewhere	(677,008)	-
Adjustment for encumbrances	358,359	-
GAAP basis	$ (1,206,380)	$ 11,740

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the park department fund, service department fund, general pension reserve fund, BWC trust fund, and self-insurance trust fund.

NOTE 17 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2022.

B. Litigation

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

NOTE 18 - CONDUIT DEBT

The City has issued Hospital Facilities Revenue and Refunding Bonds and a Master Equipment Lease-Purchase and Sublease-Purchase agreement for financing the acquisition, construction and installation of certain Hospital Facilities and for the acquisition of equipment for the Mary Rutan Health Association of Logan County. The debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the Mary Rutan Health Association of Logan County, the entity served by the debt issuance. The City has made a limited commitment in relation to the revenue and refunding bonds and lease purchase agreement. Neither the City or State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements.

The original issuance for the Revenue Bonds in 2006, later refunded in 2012, was $15,000,000. In addition, the original issuance for the Revenue Bonds in 2017 was $11,000,000. As of December 31, 2022, the revenue bonds outstanding were $3,980,608 and $9,699,375 respectively.

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 549,309
Capital improvement fund	1,414,958
Other governmental	493,155
Total	$ 2,457,422

NOTE 20 - FUND BALANCE

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

Fund balance	General Fund	ARPA Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	$ -	$ -	$ -	$ 118,301	$ 118,301
Prepayments	47,286	-	5,754	3,061	56,101
Total nonspendable	47,286	-	5,754	121,362	174,402
Restricted:					
Judicial	-	-	-	1,757,100	1,757,100
Public safety	-	17,572	-	640,828	658,400
Health	-	-	-	186,992	186,992
Conservation and recreation	-	-	-	64,889	64,889
Economic development	-	-	-	639,712	639,712
Street maintenance and repair	-	-	-	802,235	802,235
Capital projects	-	-	-	463,174	463,174
Other	11,559	-	-	-	11,559
Total restricted	11,559	17,572	-	4,554,930	4,584,061
Assigned:					
Encumbrances					
Legislative & executive	37,666	-	-	-	37,666
Judicial	4,023	-	-	-	4,023
Public safety	35,273	-	-	-	35,273
Economic development	1,090	-	-	-	1,090
Public works	547	-	-	-	547
Transportation	39,712	-	-	-	39,712
Capital outlay	199,349	-	-	-	199,349
Subsequent year appropriations	1,401,894	-	-	-	1,401,894
Capital projects	-	-	2,870,596	640,616	3,511,212
Total assigned	1,719,554	-	2,870,596	640,616	5,230,766
Unassigned	3,233,976	-	-	(16,656)	3,217,320
Total fund balances	$ 5,012,375	$ 17,572	$ 2,876,350	$ 5,300,252	$13,206,549

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2022	2021	2020	2019	2018
Traditional Plan:					
City's proportion of the net pension liability	0.0259650%	0.0256000%	0.026070%	0.026344%	0.026638%
City's proportionate share of the net pension liability	$ 2,259,061	$ 3,790,803	$ 5,152,912	$ 7,215,088	$ 4,179,142
City's covered payroll	$ 3,768,329	$ 3,605,693	$ 4,003,444	$ 3,921,479	$ 3,781,738
City's proportionate share of the net pension liability as a percentage of its covered payroll	59.95%	105.13%	128.71%	183.99%	110.51%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%

Note: Information prior to 2014 for the City's traditional plan was not available
Schedule is intended to show information for 10 years. Additional
years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014
0.026551%		0.026539%		0.026567%		0.026567%
$ 6,029,281		$ 4,596,890		$ 3,204,278		$ 3,131,903
$ 3,469,141		$ 3,454,729		$ 3,365,133		$ 3,338,738
173.80%		133.06%		95.22%		93.80%
77.25%		81.08%		86.45%		86.36%

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2022	2021	2020	2019	2018
City's proportion of the net pension liability	0.141931%	0.137125%	0.137489%	0.138950%	0.136664%
City's proportionate share of the net pension liability	$ 8,867,015	$ 9,347,962	$ 9,261,994	$ 11,341,992	$ 8,387,687
City's covered payroll	$ 3,655,763	$ 3,420,066	$ 3,484,984	$ 3,261,277	$ 3,193,277
City's proportionate share of the net pension liability as a percentage of its covered payroll	242.55%	273.33%	265.77%	347.78%	262.67%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%	70.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014
	0.129007%	0.133363%	0.130512%	0.130512%
	$ 8,171,174	$ 8,579,335	$ 6,761,050	$ 6,356,329
	$ 2,730,714	$ 2,720,166	$ 2,620,598	$ 2,483,471
	299.23%	315.40%	258.00%	255.95%
	68.36%	66.77%	72.20%	73.00%

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Traditional Plan:					
Contractually required contribution	$ 598,368	$ 527,566	$ 504,797	$ 560,482	$ 549,007
Contributions in relation to the contractually required contribution	(598,368)	(527,566)	(504,797)	(560,482)	(549,007)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,274,057	$ 3,768,329	$ 3,605,693	$ 4,003,443	$ 3,921,479
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	491,626	$	416,297	$	414,567	$	403,816	$	434,036
	(491,626)		(416,297)		(414,567)		(403,816)		(434,036)
$	-	$	-	$	-	$	-	$	-
$	3,781,738	$	3,469,142	$	3,454,725	$	3,365,133	$	3,338,738
	13.00%		12.00%		12.00%		12.00%		13.00%

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Contractually required contribution	$ 814,277	$ 761,200	$ 709,712	$ 724,169	$ 677,018
Contributions in relation to the contractually required contribution	(814,277)	(761,200)	(709,712)	(724,169)	(677,018)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,910,016	$ 3,655,763	$ 3,420,066	$ 3,484,984	$ 3,261,277
Contributions as a percentage of covered payroll	20.83%	20.82%	20.75%	20.78%	20.76%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	664,043	$	571,435	$	569,894	$	546,183	$	444,932
	(664,043)		(571,435)		(569,894)		(546,183)		(444,932)
$	-	$	-	$	-	$	-	$	-
$	3,193,277	$	2,730,714	$	2,720,166	$	2,620,598	$	2,483,471
	20.80%		20.93%		20.95%		20.84%		17.92%

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability/asset	0.025683%	0.025920%	0.025707%	0.026042%	0.026200%	0.026032%
City's proportionate share of the net OPEB liability/(asset)	$ (804,431)	$ (450,597)	$ 3,550,805	$ 3,395,262	$ 2,845,127	$ 2,629,421
City's covered payroll	$ 3,768,329	$ 3,605,693	$ 4,003,444	$ 3,921,479	$ 3,781,738	$ 3,469,141
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	21.35%	12.50%	88.69%	86.58%	75.23%	75.79%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability	0.141931%	0.137125%	0.137489%	0.138950%	0.136664%	0.129007%
City's proportionate share of the net OPEB liability	$ 1,555,684	$ 1,452,866	$ 1,358,079	$ 1,265,353	$ 7,743,190	$ 6,123,672
City's covered payroll	$ 3,655,763	$ 3,420,066	$ 3,484,984	$ 3,261,277	$ 3,193,277	$ 2,730,714
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.55%	42.48%	38.97%	38.80%	242.48%	224.25%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,274,057	$ 3,768,329	$ 3,605,693	$ 4,003,444	$ 3,921,479
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	37,817	$	69,383	$	69,095	$	68,376	$	33,373
	(37,817)		(69,383)		(69,095)		(68,376)		(33,373)
$	-	$	-	$	-	$	-	$	-
$	3,781,738	$	3,469,141	$	3,454,729	$	3,365,133	$	3,338,738
	1.00%		2.00%		2.00%		2.03%		1.00%

CITY OF BELLEFOUNTAINE, OHIO
LOGAN COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2022	2021	2020	2019	2018
Contractually required contribution	$ 19,550	$ 18,279	$ 17,100	$ 17,426	$ 16,306
Contributions in relation to the contractually required contribution	(19,550)	(18,279)	(17,100)	(17,426)	(16,306)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,910,016	$ 3,655,763	$ 3,420,066	$ 3,484,984	$ 3,261,277
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ 15,967	$ 13,654	$ 13,601	$ 13,174	$ 87,420
(15,967)	(13,654)	(13,601)	(13,174)	(87,420)
$ -	$ -	$ -	$ -	$ -
$ 3,193,277	$ 2,730,714	$ 2,720,166	$ 2,620,598	$ 2,483,471
0.50%	0.50%	0.50%	0.50%	3.52%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

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

SUPPLEMENTARY INFORMATION

CITY OF BELLEFONTAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH / ENTITY GRANT NUMBER	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF JUSTICE			
Passed Through Ohio Attorney General's Office			
Crime Victim Assistance	16.575	2022-VOCA-134719911	16,314
Crime Victim Assistance	16.575	2023-VOCA-135106320	5,875
Total Crime Victim Assistance			22,189
Total U.S. Department of Justice			22,189
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Award			
Assistance to Firefighters Grant	97.044	EMW-2020-FG-11009	66,424
Total U.S. Department of Homeland Security			66,424
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Award			
Airport Improvement Program	20.106	3-39-0125-013-2021	1,677,791
Total U.S. Department of Transportation			1,677,791
U.S. DEPARTMENT OF THE TREASURY			
Direct Award			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, OH0110	622,891
Total U.S. Department of the Treasury			622,891
Total Federal Financial Assistance			$ 2,389,295

The accompanying notes are an integral part of this schedule.

CITY OF BELLEFONTAINE
LOGAN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Bellefontaine (the City) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – DE MINIMIS INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City did not provide funds to subrecipients during the audit period.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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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 Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Bellefontaine's basic financial statements, and have issued our report thereon dated September 25, 2023, wherein we noted as described in Note 3 to the financial statements, a prior period adjustment was made at January 1, 2022 to report the BWC trust fund and self-insurance fund as a component of the general fund, rather than internal service funds.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.
September 25, 2023

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

City of Bellefontaine
Logan County
135 North Detroit Street
Bellefontaine, Ohio 43311

To the Members of the City Council and Mayor:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bellefontaine's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Bellefontaine's major federal programs for the year ended December 31, 2022. The City of Bellefontaine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the City of Bellefontaine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City of Bellefontaine and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Bellefontaine's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Bellefontaine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bellefontaine's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Bellefontaine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, 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 City of Bellefontaine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Bellefontaine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Bellefontaine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 25, 2023

CITY OF BELLEFONTAINE
LOGAN COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinions*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Airport Improvement Program (ALN 20.106)
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A:>$750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	No

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF BELLEFONTAINE

LOGAN 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 11/14/2023

88 East Broad Street, Columbus, Ohio 43215
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