# CITY OF TIFFIN

## SENECA COUNTY, OHIO

### REGULAR AUDIT

### FOR THE YEAR ENDED
### DECEMBER 31, 2022

Julian & Grube

Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Members of Council
City of Tiffin
53 East Market Street
Tiffin, Ohio 44883

We have reviewed the *Independent Auditor's Report* of the City of Tiffin, Seneca 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 Tiffin is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

**August 31, 2023**

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**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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Julian & Grube

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# Independent Auditor's Report

City of Tiffin
Seneca County
53 East Market Street
Tiffin, Ohio 44883

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 Tiffin, Seneca 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 Tiffin'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 Tiffin, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Tiffin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the City of Tiffin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tiffin'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 Tiffin's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 23, 2023

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

## Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased $7,530,671. Net position of governmental activities increased $4,186,668 and net position of business-type activities increased $3,344,003.

- General revenues accounted for $15,492,751 or 78.80% of total governmental activities revenue. Program specific revenues accounted for $4,169,171 or 21.20% of total governmental activities revenue.

- The City had $15,475,254 in expenses related to governmental activities; $4,169,171 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $11,306,083 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $15,492,751.

- The City's major governmental fund is the general fund. The general fund had revenues of $12,516,890 and expenditures and other financing uses of $11,487,393 in 2022. The general fund also had a decrease in reserve for inventory of $6,783 and the total change in fund balance for the year was an increase of $1,022,714 or 17.97%.

## Using this Annual Financial Report

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

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

## Reporting the City as a Whole

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

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

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

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

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

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

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

***Fund Financial Statements***

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

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

***Governmental Funds***

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

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

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

***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for sewer and storm water operations. Both of these enterprise funds are presented as major funds. The City uses an internal service fund to account for a self-funded insurance program for City employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements with an internal balance recorded between governmental and business-type activities.

***Fiduciary Funds***

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

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

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

***Required Supplementary Information***

The required supplementary information provides detailed information regarding the City's proportionate share of the net pension liability/asset and the net other postemployment benefits (OPEB) liability of the retirement systems. It also includes a ten year schedule of the City's contributions to the retirement systems to fund pension and OPEB obligations.

## Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The following table provides a summary of the City's net position at December 31, 2022 and December 31, 2021.

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**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

**Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | |
| Current and other assets | $ 19,889,520 | $ 18,390,610 | $25,612,610 | $ 23,051,363 | $45,502,130 | $41,441,973 |
| Capital assets, net | 37,720,229 | 36,551,750 | 39,082,143 | 39,192,815 | 76,802,372 | 75,744,565 |
| Total assets | 57,609,749 | 54,942,360 | 64,694,753 | 62,244,178 | 122,304,502 | 117,186,538 |
| Deferred outflows of resources | | | | | | |
| Unamortized deferred charges on debt refunding | 83,761 | 94,341 | 186,923 | 214,039 | 270,684 | 308,380 |
| Pension | 4,021,805 | 2,054,595 | 383,142 | 156,622 | 4,404,947 | 2,211,217 |
| OPEB | 975,292 | 1,160,640 | 11,996 | 63,031 | 987,288 | 1,223,671 |
| Total deferred outflows of resources | 5,080,858 | 3,309,576 | 582,061 | 433,692 | 5,662,919 | 3,743,268 |
| Liabilities | | | | | | |
| Other liabilities | 1,565,200 | 4,977,050 | 380,392 | 229,122 | 1,945,592 | 5,206,172 |
| Long-term liabilies: | | | | | | |
| Due within one year | 931,740 | 738,855 | 882,716 | 856,594 | 1,814,456 | 1,595,449 |
| Net pension liability | 12,234,805 | 13,950,673 | 686,880 | 1,048,394 | 12,921,685 | 14,999,067 |
| Net OPEB liability | 1,905,352 | 1,823,766 | - | - | 1,905,352 | 1,823,766 |
| Other amounts | 7,421,145 | 4,584,912 | 18,076,833 | 18,835,897 | 25,497,978 | 23,420,809 |
| Total liabilities | 24,058,242 | 26,075,256 | 20,026,821 | 20,970,007 | 44,085,063 | 47,045,263 |
| Deferred inflows of resources | | | | | | |
| Property taxes and PILOTS | 1,140,311 | 1,144,310 | - | - | 1,140,311 | 1,144,310 |
| Pension | 6,271,122 | 3,590,215 | 840,306 | 483,837 | 7,111,428 | 4,074,052 |
| OPEB | 1,407,182 | 1,815,073 | 257,415 | 415,757 | 1,664,597 | 2,230,830 |
| Total deferred inflows of resources | 8,818,615 | 6,549,598 | 1,097,721 | 899,594 | 9,916,336 | 7,449,192 |
| Net position | | | | | | |
| Net investment in capital assets | 32,392,643 | 31,253,359 | 20,590,207 | 20,084,709 | 52,982,850 | 51,338,068 |
| Restricted | 5,062,522 | 4,261,274 | - | - | 5,062,522 | 4,261,274 |
| Unrestricted (deficit) | (7,641,415) | (9,887,551) | 23,562,065 | 20,723,560 | 15,920,650 | 10,836,009 |
| Total net position | $ 29,813,750 | $ 25,627,082 | $44,152,272 | $ 40,808,269 | $73,966,022 | $66,435,351 |

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

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, 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 exceeded liabilities and deferred inflows by $73,966,022. At year-end, net positions were $29,813,750 and $44,152,272 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 62.80% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles, infrastructure, and intangible right to use assets. Net investment in capital assets at December 31, 2022, was $32,392,643 and $20,590,207 in the governmental and business-type activities respectively. Capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, or $5,062,522, 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 a deficit of $7,641,415 due to the effects of accounting for pension and OPEB in accordance with GASB 68 and 75.

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

**Change in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 1,523,250 | $ 1,805,977 | $ 6,706,847 | $ 6,478,480 | $ 8,230,097 | $ 8,284,457 |
| Operating grants and contributions | 2,434,821 | 1,364,588 | - | - | 2,434,821 | 1,364,588 |
| Capital grants and contributions | 211,100 | 366,067 | - | - | 211,100 | 366,067 |
| Total program revenues | 4,169,171 | 3,536,632 | 6,706,847 | 6,478,480 | 10,876,018 | 10,015,112 |
| General revenues: | | | | | | |
| Property taxes | 1,152,543 | 1,100,465 | - | - | 1,152,543 | 1,100,465 |
| Income taxes | 12,808,096 | 11,177,866 | - | - | 12,808,096 | 11,177,866 |
| Permissive taxes | 258,814 | 226,232 | - | - | 258,814 | 226,232 |
| Payments in lieu of taxes | 104,489 | 105,453 | - | - | 104,489 | 105,453 |
| Unrestricted grants and entitlements | 633,986 | 590,655 | - | - | 633,986 | 590,655 |
| Investment earnings | 56,349 | 48,373 | 79,348 | 85,309 | 135,697 | 133,682 |
| Other revenues | 478,474 | 1,067,497 | 7,589 | 12,840 | 486,063 | 1,080,337 |
| Total general revenues | 15,492,751 | 14,316,541 | 86,937 | 98,149 | 15,579,688 | 14,414,690 |
| Total revenues | 19,661,922 | 17,853,173 | 6,793,784 | 6,576,629 | 26,455,706 | 24,429,802 |

- Continued

**Change in Net Position (Continued)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Expenses** | | | | | | |
| General government | $ 2,925,367 | $ 2,404,046 | $ - | $ - | $ 2,925,367 | $ 2,404,046 |
| Security of persons and property | 7,838,606 | 7,564,542 | - | - | 7,838,606 | 7,564,542 |
| Transportation | 2,449,775 | 1,896,511 | - | - | 2,449,775 | 1,896,511 |
| Community environment | 268,397 | 142,029 | - | - | 268,397 | 142,029 |
| Leisure time activity | 654,057 | 399,596 | - | - | 654,057 | 399,596 |
| Economic development | 29,406 | 75,181 | - | - | 29,406 | 75,181 |
| Other | 959,796 | - | - | - | 959,796 | - |
| Interest and fiscal charges | 349,850 | 155,809 | - | - | 349,850 | 155,809 |
| Sewer | - | - | 3,449,617 | 3,047,966 | 3,449,617 | 3,047,966 |
| Storm water | - | - | 164 | 1,120 | 164 | 1,120 |
| Total expenses | 15,475,254 | 12,637,714 | 3,449,781 | 3,049,086 | 18,925,035 | 15,686,800 |
| Change in net position | 4,186,668 | 5,215,459 | 3,344,003 | 3,527,543 | 7,530,671 | 8,743,002 |
| Net position at beginning of year | 25,627,082 | 20,411,623 | 40,808,269 | 37,280,726 | 66,435,351 | 57,692,349 |
| Net position at end of year | $ 29,813,750 | $ 25,627,082 | $ 44,152,272 | $ 40,808,269 | $ 73,966,022 | $ 66,435,351 |

## Governmental Activities

Despite an increase in expenses, net position for governmental activities increased $4,186,668 or 16.34% in 2022. Both program revenues and general revenues increased. The former was a result of recognizing additional federal grant revenue in 2022, reported in operating grants and contributions. For general revenues, most of the increase is attributable to income tax collections which continue to rise as the local economy recovers from the pandemic.

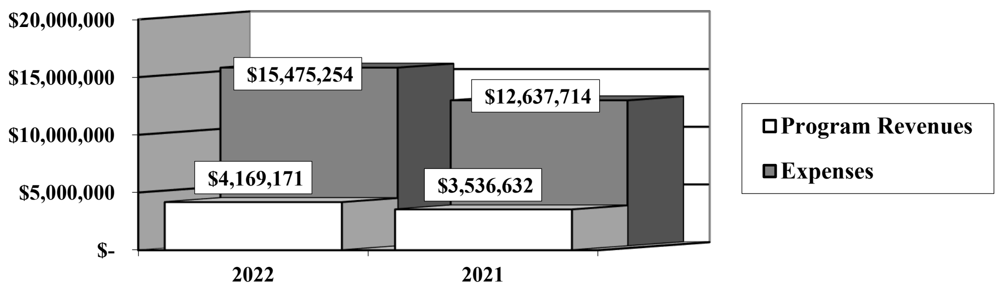
Total expenses increased, up $2,837,540 or 22.45% compared to 2021. This is due in part to an increase in pension and OPEB expense, both of which were lower in 2021 due to changes at the state-wide pension system level. On an accrual basis, the governmental activities reported pension and OPEB expense of ($78,879) in 2022 compared to $(992,109) in 2021. In addition, the City's allocated portion of its investment in joint venture decreased considerably in 2022; this decrease is reflected in other expenses in the financial statements.

The State and federal government, as well as various local sources, contributed to the City a total of $2,434,821 in operating grants and contributions and $211,100 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, $1,209,517 subsidized transportation programs.

General revenues totaled $15,492,751 and amounted to 78.80% of total governmental revenues. These revenues primarily consist of income taxes revenue of $12,808,096. The other primary source of general revenues is property taxes which amounted to $1,152,543. These two revenue sources accounted for 71.00% of all governmental activities revenue in 2022.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The graph and table below show, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As illustrated below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

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

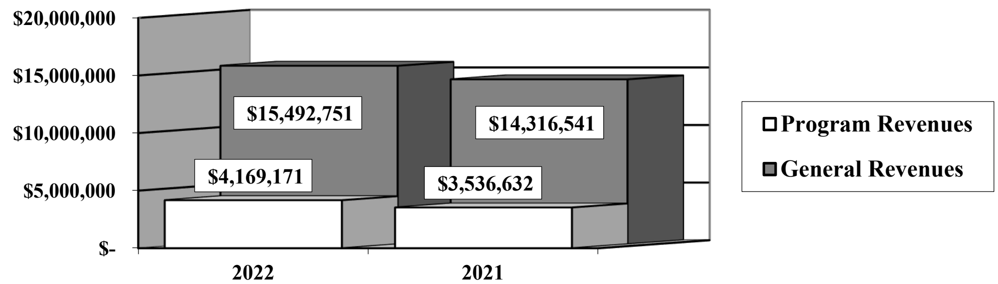



**Governmental Activities**

| | Total Cost of Services 2022 | Net Cost of Services 2022 | Total Cost of Services 2021 | Net Cost of Services 2021 |
|---|---|---|---|---|
| **Program expenses:** | | | | |
| General government | $ 2,925,367 | $ 2,057,381 | $ 2,404,046 | $ 1,562,765 |
| Security of persons and property | 7,838,606 | 6,850,028 | 7,564,542 | 6,545,582 |
| Transportation | 2,449,775 | 1,236,033 | 1,896,511 | 276,925 |
| Community environment | 268,397 | 216,997 | 142,029 | 121,582 |
| Leisure time activity | 654,057 | (242,839) | 399,596 | 363,871 |
| Economic development | 29,406 | (121,163) | 75,181 | 74,548 |
| Other | 959,796 | 959,796 | - | - |
| Interest and fiscal charges | 349,850 | 349,850 | 155,809 | 155,809 |
| Total | $ 15,475,254 | $ 11,306,083 | $ 12,637,714 | $ 9,101,082 |

The dependence upon general revenues for governmental activities is apparent, with 73.06% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**

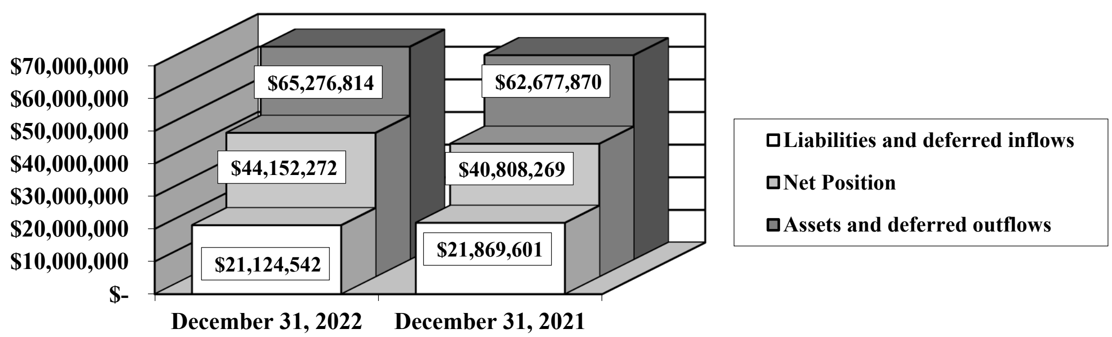



## Business-type Activities

Business-type activities include the sewer and storm water enterprise funds. These programs had program revenues of $6,706,847, general revenues of $86,937, and expenses of $3,449,781 in 2022. The total change in net position for the year was an increase of $3,344,003 or 8.19%. See page 13 for further discussion on these operations.

The graph below illustrates the City's business-type assets, liabilities, and net position at December 31, 2022 and December 31, 2021.

**Net Position in Business-type Activities**




## Financial Analysis of the Government's Funds

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

### *Governmental Funds*

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

The City's governmental funds reported a combined fund balance of $12,701,462 which is $4,508,382 more than last year's total of $8,193,080. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and nonmajor governmental funds.

| | Fund Balances 12/31/22 | Fund Balances 12/31/21 | Change |
|---|---|---|---|
| Major funds: | | | |
| General | $ 6,713,131 | $ 5,690,417 | $1,022,714 |
| Nonmajor governmental funds | 5,988,331 | 2,502,663 | 3,485,668 |
| Total | $ 12,701,462 | $ 8,193,080 | $4,508,382 |

### *General Fund*

Fund balance of the City's general fund increased $1,022,714 or 17.97%. The table that follows assists in illustrating the revenues of the general fund.

| | 2022 Amount | 2021 Amount | Percentage Change |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 10,445,561 | $ 9,877,978 | 5.75 % |
| Charges for services | 691,604 | 726,065 | (4.75) % |
| Licenses and permits | 60,364 | 33,404 | 80.71 % |
| Fines and forfeitures | 445,481 | 493,601 | (9.75) % |
| Investment income | 38,759 | 41,073 | (5.63) % |
| Intergovernmental | 594,759 | 566,833 | 4.93 % |
| Other | 240,362 | 386,015 | (37.73) % |
| Total | $ 12,516,890 | $ 12,124,969 | 3.23 % |

Taxes revenue, consisting of income taxes and property taxes, is by far the largest source of revenue comprising 83.45% of all general fund revenue in 2022. Collections on both income taxes and property taxes increased in 2022, which is the main reason for the overall increase in general fund revenues. The most significant decrease in general fund revenues is reflected in other revenue in the table above. This is primarily due to a decrease in various refunds and reimbursements in 2022.

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

| | 2022 Amount | 2021 Amount | Percentage Change |
|---|---|---|---|
| **Expenditures** | | | |
| General government | $ 2,943,203 | $ 2,895,678 | 1.64 % |
| Security of persons and property | 7,874,528 | 7,511,174 | 4.84 % |
| Community environment | 283,662 | 307,689 | (7.81) % |
| Total | $ 11,101,393 | $10,714,541 | 3.61 % |

The overall increase in general fund expenditures is primarily due to an increase in payroll-related costs, particularly for police and fire operations.

***Budgeting Highlights***

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

For the general fund, original budgeted revenues of $13,589,611 were increased to $15,171,445 in the final budget, primarily to reflect increased collections of both income taxes and property taxes. Actual revenues amounted to $15,251,575 or $80,130 more than the final budget.

Original budget and final budget expenditures and other financing uses were $15,419,291 and $15,573,220, respectively. Actual budget-basis expenditures and other financing uses of $14,534,348 were $1,038,872 less than the final budget. This variance is a result of the City's conservative budgeting policies.

***Proprietary Funds***

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The City accounts for its sewer and storm water operations in business-type activities enterprise funds. The storm water fund is a recently created program and continues to have relatively little activity. For the sewer fund, operating revenues of $6,709,436 exceeded operating expenses of $3,325,198 resulting in operating income of $3,384,238. The total change in net position was an increase of $3,309,981 for the sewer fund and an increase of $4,836 for the storm water fund.

## Capital Assets and Debt Administration

***Capital Assets***

At the end of 2022, the City had $76,802,372 (net of accumulated depreciation/amortization) invested in land, construction in progress, buildings and improvements, land improvements, machinery and equipment, furniture and fixtures, vehicles, infrastructure, and intangible right to use assets. The following table shows 2022 balances compared to 2021:

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | $ 3,532,284 | $ 3,532,284 | $ 241,940 | $ 241,940 | $ 3,774,224 | $ 3,774,224 |
| Buildings and improvements | 1,978,336 | 1,895,053 | 17,561,606 | 4,169,887 | 19,539,942 | 6,064,940 |
| Land improvements | 997,623 | 730,734 | - | - | 997,623 | 730,734 |
| Machinery & equipment | 2,048,406 | 1,211,422 | 753,900 | 747,122 | 2,802,306 | 1,958,544 |
| Furniture & fixtures | 406,634 | 420,642 | - | - | 406,634 | 420,642 |
| Vehicles | 2,447,811 | 2,674,803 | 106,695 | 143,781 | 2,554,506 | 2,818,584 |
| Infrastructure | 25,395,400 | 24,315,245 | 19,666,741 | 20,287,581 | 45,062,141 | 44,602,826 |
| Intangible right to use | 67,438 | 82,424 | - | - | 67,438 | 82,424 |
| Construction in progress | 846,297 | 1,689,143 | 751,261 | 13,602,504 | 1,597,558 | 15,291,647 |
| Totals | $ 37,720,229 | $ 36,551,750 | $ 39,082,143 | $ 39,192,815 | $ 76,802,372 | $ 75,744,565 |

For the governmental activities, the most significant activity in 2022 was the completion of several street improvement projects, as well as several projects that are in still progress. The City also capitalized playground equipment and other improvements for Hedges Boyer Park in 2022. Total infrastructure additions amounted to $2,337,686. Infrastructure is the City's largest governmental capital asset category and includes roads, bridges, culverts, and curb lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure represents 67.33% of the City's total governmental capital assets.

The City's largest business-type capital asset category is also infrastructure, which includes sewer lines and drains. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure represents 50.32% of the City's total business-type capital assets. Significant capital asset activity during the year the completion of an improvements project for the City's wastewater treatment plant at a total cost of approximately $13.7 million.

See Note 11 in the notes to the basic financial statements for more detail on the City's capital assets.

***Debt Administration***

The City had the following long-term debt obligations outstanding at December 31, 2022 and 2021:

| | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| General obligation bonds | $ 6,265,000 | $ 3,285,000 | $ 4,005,000 | $ 4,660,000 |
| Leases | 16,722 | 32,710 | - | - |
| Financed purchase obligations | 681,186 | 724,670 | - | - |
| Loans | 161,501 | 167,962 | 14,450,232 | 14,511,328 |
| Total long-term obligations | $ 7,124,409 | $ 4,210,342 | $ 18,455,232 | $ 19,171,328 |

Significant changes in long-term debt include the issuance of $3.24 million of general obligation bonds for the governmental activities to finance street improvements. See Note 14 in the notes to the basic financial statements for more detail on the City's long-term obligations.

**Economic Outlook**

The economic outlook for the City of Tiffin has been strong for the last several years, and in 2023 it continues to remain quite strong, with very positive high-level trends for the Tiffin micropolitan statistical area (msa). Last year (2022), Tiffin placed in the top ten out 576 micropolitans in the United States for large economic development projects, according to *Site Selection* magazine. For the last nine years in a row, Tiffin has placed in the top ten percent. In 2022, more than $71 million in new investment was announced, with more than 230 new jobs to be created and 1,100 to be retained. This makes a five-year total of $398 million in new announced investment and more than 1,900 new jobs to be created.

Unemployment, which was at a peaked during the COVID-19 pandemic over 20 percent in 2020, declined to 3.9 percent in 2022 (yearly average) and stands at 3.7 right now, close to an all-time low. The labor force also continues a slow, but steady, increase in size. There have been no mass layoffs notices, even during the COVID-19 pandemic, and no additional ones in 2022 or expected this year.

On the industrial side, things keep humming at Church & Dwight (Arm & Hammer). While the plant is located just outside the Tiffin Municipal limits, the manufacturer obtains a substantial portion of their workforce from Tiffin, thus contributing to the tax base. Church & Dwight began construction on a $50 million expansion in November of 2022, bringing with it an additional 80 jobs. In addition, major investments of machinery and equipment occurred at Webster Industries, Tiffin Metal, Arnold Machine, and others. Manufacturing continues to be the largest single sector in the area, with more than 4,500 positions of employment with an expected five year growth of 434 additional jobs in this sector.

On the retail side, things have also continued to develop. Development at the Tiffin Mall continued, after the 2016 announcement that it was purchased by northwest-Ohio based Key Hotel and Property Management (KHPM). A large number of new businesses have opened both inside and on out-lots at the Tiffin Mall location. In November of 2022, Hobby Lobby announced plans to construct a $4 million store at the Tiffin Mall bringing with it 80 additional jobs (60 FTE's and 20 PTE's) with an average payrate of more than $15 per hour. At the end of 2022, Hampton Inn completed a multi-million dollar renovation project. Several new businesses were opened in Downtown Tiffin, including SOUL Boutique, Freeze Dried Ohio, Magnificent Maid, and others. Tiffin's Dunkin Donuts expanded to meet demand while the Frost Parkway Deli (announced 2022) plans to open in early March 2023.

Zeis Development has begun construction on phase I of a two-phased condominium development on Tiffin's south end. The development will bring another 40+ housing units to a market desperate for housing of any kind. According to a housing analysis completed on early 2023, the Tiffin-Seneca Metro area represents one of the most underserved housing markets of the 16 counties in NW Ohio. The analysis, completed by DiSalvo Development Advisors (DDA) stated the area could sustain 65-85 additional housing units on an annual basis for the next several years.

Tiffin Mercy Hospital is in the middle of a significant overhaul to many of their departments, planning to invest tens of millions of dollars over the next five years. Dr. Chris Sears recently opened the doors of his new medical facility next to The Willows of Tiffin. The available land next to these properties represents significant growth opportunities for the city when it comes to both commercial and medical facilities. The city plans to extend the current cul-de-sac in the near future thus opening up more than 50 acres to development.

On the education front, Heidelberg University has plans to build a new bookstore and welcome center near the entrance to their campus on property they have already secured. In addition, Heidelberg also launched a feasibility study aimed towards bringing a school of osteopathic medicine to the city, if successful, this would be transformational to both Heidelberg and the region. Tiffin University (TU) continues to see increased enrollment, bucking the national trend of declining numbers on college campuses. TU also launched a drone academy in 2022 while opening the doors of a state-of-the-art STEAM center on campus. Tiffin continues to be one of about three cities in the US under 20,000 in population with two private universities, and the traditional liberal arts focused Heidelberg University and professionally focused Tiffin University continue to perform well and rank in the top ten public/non profit employers (more than 700 employees total).

From a community development perspective, 2022 was also a very strong year. The Tiffin Community Kitchen, a multi-million dollar project neared the finish line with fundraising and plans to break ground in Spring 2023. The facility will partner with the Seneca County agricultural community and Tiffin residents to teach folks how to make healthy, nutritious meals with locally sourced food items. The kitchen began programming work at another facility in late 2022 due to grant received from the State of Ohio and has already been wildly successful.

The Sandusky-Seneca-Tiffin Port Authority completed more than $100,000 in improvements on their Northern & Ohio Western Railroad infrastructure throughout Seneca County, maintaining the vital port authority lines which service several businesses. The Port Authority has intended to replace additional rail line in 2022 but could not do so due to a shortage in railroad ties across the nation. Omni Fiber is halfway through construction of a more than $10 million high-speed fiber network city-wide with plans to launch service in late Spring of 2023. Additionally, Columbia Gas completed more than $ 4 million in gas main replacements while Aqua Ohio invested nearly $1 million on various projects to improve service and increase water capacity. Finally, the City of Tiffin invested more than $13 million into a project at the Water Pollution Control Center which brought the facility up to modern day standards and significantly increased sewer treatment capacity in Tiffin aimed at future growth.

Year after year the Tiffin-Seneca Metro Area continues to outperform comparable communities in our region, with 2022 being no exception. As we look ahead to 2023, there are no reasons to anticipate any sort of a slowdown on the momentum which continues to build. In conclusion, the economic outlook for the City of Tiffin is quite bright, barring any sort of a national recession. Luckily for Tiffin, the two universities tend to limit the reaches of a recession due to universities historically seeing an increase in enrollment during economic downturns.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kathleen Kaufman, Director of Finance, City of Tiffin, 53 East Market Street, Tiffin, Ohio 44883 or e-mail at kkaufman@tiffinohio.gov or telephone at (419) 448-5403.

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **Assets:** | | | |
| Equity in pooled cash and cash equivalents | $ 12,842,393 | $ 23,111,961 | $ 35,954,354 |
| Receivables: | | | |
| Income taxes | 2,300,923 | - | 2,300,923 |
| Real and other taxes | 1,123,866 | - | 1,123,866 |
| Payment in lieu of taxes | 103,406 | - | 103,406 |
| Accounts | 374,357 | 2,120,656 | 2,495,013 |
| Intergovernmental | 737,985 | - | 737,985 |
| Special assessments | 5,716 | - | 5,716 |
| Accrued interest | 19,813 | - | 19,813 |
| Loans receivable | 184,770 | - | 184,770 |
| Notes receivable | 551,871 | - | 551,871 |
| Materials and supplies inventory | 100,142 | 37,467 | 137,609 |
| Prepayments | 121,845 | 33,781 | 155,626 |
| Investment in joint venture | 971,904 | - | 971,904 |
| Net pension asset | 27,450 | 13,715 | 41,165 |
| Net OPEB asset | 478,856 | 239,253 | 718,109 |
| Internal balance | (55,777) | 55,777 | - |
| Capital assets: | | | |
| Not being depreciated/amortized | 4,378,581 | 993,201 | 5,371,782 |
| Being depreciated/amortized, net | 33,341,648 | 38,088,942 | 71,430,590 |
| Total capital assets, net | 37,720,229 | 39,082,143 | 76,802,372 |
| Total assets | 57,609,749 | 64,694,753 | 122,304,502 |
| **Deferred outflows of resources:** | | | |
| Unamortized deferred charges on debt refunding | 83,761 | 186,923 | 270,684 |
| Pension | 4,021,805 | 383,142 | 4,404,947 |
| OPEB | 975,292 | 11,996 | 987,288 |
| Total deferred outflows of resources | 5,080,858 | 582,061 | 5,662,919 |
| **Liabilities:** | | | |
| Accounts payable | 275,803 | 197,636 | 473,439 |
| Contracts payable | 31,358 | 99,062 | 130,420 |
| Accrued wages and benefits payable | 146,756 | 25,983 | 172,739 |
| Due to other governments | 49,400 | 4,640 | 54,040 |
| Accrued interest payable | 36,374 | 21,697 | 58,071 |
| Claims payable | 297,181 | - | 297,181 |
| Unearned revenue | 728,328 | 31,374 | 759,702 |
| Long-term liabilities: | | | |
| Due within one year | 931,740 | 882,716 | 1,814,456 |
| Due in more than one year: | | | |
| Net pension liability | 12,234,805 | 686,880 | 12,921,685 |
| Net OPEB liability | 1,905,352 | - | 1,905,352 |
| Other amounts due in more than one year | 7,421,145 | 18,076,833 | 25,497,978 |
| Total liabilities | 24,058,242 | 20,026,821 | 44,085,063 |
| **Deferred inflows of resources:** | | | |
| Property taxes levied for the next fiscal year | 1,036,905 | - | 1,036,905 |
| Pension | 6,271,122 | 840,306 | 7,111,428 |
| OPEB | 1,407,182 | 257,415 | 1,664,597 |
| Payment in lieu of taxes levied for the next year | 103,406 | - | 103,406 |
| Total deferred inflows of resources | 8,818,615 | 1,097,721 | 9,916,336 |
| **Net position:** | | | |
| Net investment in capital assets | 32,392,643 | 20,590,207 | 52,982,850 |
| Restricted for: | | | |
| Debt service | 78,040 | - | 78,040 |
| Capital projects | 2,345,416 | - | 2,345,416 |
| Transportation projects | 756,418 | - | 756,418 |
| Municipal court | 843,134 | - | 843,134 |
| Security of persons and property | 199,791 | - | 199,791 |
| Community environment | 60,048 | - | 60,048 |
| Economic development and assistance | 720,128 | - | 720,128 |
| Permanent fund: expendable | 4,259 | - | 4,259 |
| Permanent fund: nonexpendable | 25,000 | - | 25,000 |
| Other purposes | 30,288 | - | 30,288 |
| Unrestricted (deficit) | (7,641,415) | 23,562,065 | 15,920,650 |
| Total net position | $ 29,813,750 | $ 44,152,272 | $ 73,966,022 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA 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 | $ 2,925,367 | $ 724,845 | $ 108,424 | $ 34,717 |
| Security of persons and property | 7,838,606 | 709,974 | 250,466 | 28,138 |
| Transportation | 2,449,775 | 4,225 | 1,061,272 | 148,245 |
| Community environment | 268,397 | 15,025 | 36,375 | - |
| Leisure time activity | 654,057 | 69,181 | 827,715 | - |
| Economic development and assistance | 29,406 | - | 150,569 | - |
| Other | 959,796 | - | - | - |
| Interest and fiscal charges | 349,850 | - | - | - |
| Total governmental activities | 15,475,254 | 1,523,250 | 2,434,821 | 211,100 |
| **Business-type activities:** | | | | |
| Sewer | 3,449,617 | 6,701,847 | - | - |
| Storm Water | 164 | 5,000 | - | - |
| Total business-type activities | 3,449,781 | 6,706,847 | - | - |
| Total primary government | $ 18,925,035 | $ 8,230,097 | $ 2,434,821 | $ 211,100 |

**General revenues:**
Property taxes levied for:
General purposes
Police pension
Fire pension
Income taxes levied for:
General purposes
Capital improvements
Permissive taxes
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Contributions and donations
Refunds and reimbursements
Investment earnings
Miscellaneous

Total general revenues

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 |
| $ (2,057,381) | $ - | $ (2,057,381) |
| (6,850,028) | - | (6,850,028) |
| (1,236,033) | - | (1,236,033) |
| (216,997) | - | (216,997) |
| 242,839 | - | 242,839 |
| 121,163 | - | 121,163 |
| (959,796) | - | (959,796) |
| (349,850) | - | (349,850) |
| (11,306,083) | - | (11,306,083) |
| | | |
| - | 3,252,230 | 3,252,230 |
| - | 4,836 | 4,836 |
| - | 3,257,066 | 3,257,066 |
| | | |
| (11,306,083) | 3,257,066 | (8,049,017) |
| | | |
| 992,279 | - | 992,279 |
| 80,132 | - | 80,132 |
| 80,132 | - | 80,132 |
| | | |
| 10,092,892 | - | 10,092,892 |
| 2,715,204 | - | 2,715,204 |
| 258,814 | - | 258,814 |
| 104,489 | - | 104,489 |
| 633,986 | - | 633,986 |
| 2,500 | - | 2,500 |
| 298,756 | - | 298,756 |
| 56,349 | 79,348 | 135,697 |
| 177,218 | 7,589 | 184,807 |
| | | |
| 15,492,751 | 86,937 | 15,579,688 |
| | | |
| 4,186,668 | 3,344,003 | 7,530,671 |
| | | |
| 25,627,082 | 40,808,269 | 66,435,351 |
| | | |
| $ 29,813,750 | $ 44,152,272 | $ 73,966,022 |

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets:** | | | |
| Equity in pooled cash and cash equivalents | $ 5,825,562 | $ 6,021,644 | $ 11,847,206 |
| Receivables: | | | |
| Income taxes | 1,811,977 | 488,946 | 2,300,923 |
| Real and other taxes | 958,188 | 165,678 | 1,123,866 |
| Payment in lieu of taxes | - | 103,406 | 103,406 |
| Accounts | 323,650 | 50,707 | 374,357 |
| Accrued interest | 19,813 | - | 19,813 |
| Special assessments | - | 5,716 | 5,716 |
| Intergovernmental | 243,625 | 494,360 | 737,985 |
| Loans receivable | - | 184,770 | 184,770 |
| Notes receivable | - | 551,871 | 551,871 |
| Prepayments | 103,320 | 18,525 | 121,845 |
| Materials and supplies inventory | 40,113 | 60,029 | 100,142 |
| Total assets | $ 9,326,248 | $ 8,145,652 | $ 17,471,900 |
| **Liabilities:** | | | |
| Accounts payable | $ 57,451 | $ 218,352 | $ 275,803 |
| Contracts payable | - | 31,358 | 31,358 |
| Accrued wages and benefits payable | 129,133 | 17,623 | 146,756 |
| Compensated absences payable | 18,394 | - | 18,394 |
| Due to other governments | 37,406 | 11,994 | 49,400 |
| Unearned revenue | - | 728,328 | 728,328 |
| Total liabilities | 242,384 | 1,007,655 | 1,250,039 |
| **Deferred inflows of resources:** | | | |
| Property taxes levied for the next year | 884,047 | 152,858 | 1,036,905 |
| Delinquent property tax revenue not available | 50,987 | 8,816 | 59,803 |
| Accrued interest not available | 17,397 | - | 17,397 |
| Special assessments revenue not available | - | 5,716 | 5,716 |
| Miscellaneous revenue not available | 194,472 | 186,885 | 381,357 |
| Income tax revenue not available | 1,018,042 | 274,710 | 1,292,752 |
| Intergovernmental revenue not available | 205,788 | 417,275 | 623,063 |
| Payment in lieu of taxes levied for the next year | - | 103,406 | 103,406 |
| Total deferred inflows of resources | 2,370,733 | 1,149,666 | 3,520,399 |
| **Fund balances:** | | | |
| Nonspendable | 146,275 | 103,554 | 249,829 |
| Restricted | - | 5,033,300 | 5,033,300 |
| Committed | 429,746 | 857,314 | 1,287,060 |
| Assigned | 721,191 | - | 721,191 |
| Unassigned (deficit) | 5,415,919 | (5,837) | 5,410,082 |
| Total fund balances | 6,713,131 | 5,988,331 | 12,701,462 |
| Total liabilities, deferred inflows of resources and fund balances | $ 9,326,248 | $ 8,145,652 | $ 17,471,900 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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

| | | |
|---|---|---|
| **Total governmental fund balances** | | $ 12,701,462 |
| *Amounts reported for governmental activities on the statement of net position are different because:* | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 37,720,229 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds. | | |
| Real and other taxes receivable | $ 59,803 | |
| Income taxes receivable | 1,292,752 | |
| Accounts receivable | 381,357 | |
| Intergovernmental receivable | 623,063 | |
| Special assessments receivable | 5,716 | |
| Accrued interest receivable | 17,397 | |
| Total | | 2,380,088 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities on the statement of net position. The net position of the internal service fund, including an internal balance of ($55,777), is: | | 642,229 |
| The City has an equity interest in a joint venture. This investment is not a current financial resource and therefore is not reported in the governmental funds. | | 971,904 |
| Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds. | | (36,374) |
| Unamortized deferred amounts on refundings are not recognized in the governmental funds. | | 83,761 |
| Unamortized premiums on bond issuance are not recognized in governmental funds. | | (143,299) |
| The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds. | | |
| Net pension asset | 27,450 | |
| Deferred outflows of resources | 4,021,805 | |
| Deferred inflows of resources | (6,271,122) | |
| Net pension liability | (12,234,805) | |
| Total | | (14,456,672) |
| The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds. | | |
| Net OPEB asset | 478,856 | |
| Deferred outflows of resources | 975,292 | |
| Deferred inflows of resources | (1,407,182) | |
| Net OPEB liability | (1,905,352) | |
| Total | | (1,858,386) |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported in the funds. The long-term liabilities are as follows: | | |
| Compensated absences | (1,066,783) | |
| Leases payable | (16,722) | |
| General obligation bonds payable | (6,265,000) | |
| Loans payable | (161,501) | |
| Notes payable | (681,186) | |
| Total | | (8,191,192) |
| **Net position of governmental activities** | | $ 29,813,750 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Revenues:** | | | |
| Municipal income taxes | $ 9,452,560 | $ 2,542,416 | $ 11,994,976 |
| Real and other taxes | 993,001 | 419,200 | 1,412,201 |
| Charges for services | 691,604 | 71,171 | 762,775 |
| Licenses and permits | 60,364 | - | 60,364 |
| Fines and forfeitures | 445,481 | 319,677 | 765,158 |
| Intergovernmental | 594,759 | 2,499,907 | 3,094,666 |
| Special assessments | - | 6,260 | 6,260 |
| Investment income | 38,759 | 810 | 39,569 |
| Refunds and reimbursements | 153,556 | 147,212 | 300,768 |
| Contributions and donations | 2,500 | 163,337 | 165,837 |
| Payments in lieu of taxes | - | 104,489 | 104,489 |
| Other | 84,306 | 44,290 | 128,596 |
| Total revenues | 12,516,890 | 6,318,769 | 18,835,659 |
| **Expenditures:** | | | |
| Current: | | | |
| General government | 2,943,203 | 381,427 | 3,324,630 |
| Security of persons and property | 7,874,528 | 461,681 | 8,336,209 |
| Transportation | - | 1,389,718 | 1,389,718 |
| Community environment | 283,662 | 36,375 | 320,037 |
| Leisure time activity | - | 1,314,312 | 1,314,312 |
| Economic development and assistance | - | 198,523 | 198,523 |
| Capital outlay | - | 2,083,831 | 2,083,831 |
| Debt service: | | | |
| Principal retirement | - | 325,933 | 325,933 |
| Interest and fiscal charges | - | 194,611 | 194,611 |
| Debt issuance costs | - | 142,948 | 142,948 |
| Total expenditures | 11,101,393 | 6,529,359 | 17,630,752 |
| Excess (deficiency) of revenues over (under) expenditures | 1,415,497 | (210,590) | 1,204,907 |
| **Other financing sources (uses):** | | | |
| Bond issuance | - | 3,240,000 | 3,240,000 |
| Sale of capital assets | - | 47,991 | 47,991 |
| Transfers in | - | 949,811 | 949,811 |
| Transfers (out) | (386,000) | (563,811) | (949,811) |
| Premium on bond issuance | - | 59,403 | 59,403 |
| Total other financing sources (uses) | (386,000) | 3,733,394 | 3,347,394 |
| Net change in fund balances | 1,029,497 | 3,522,804 | 4,552,301 |
| **Fund balances at beginning of year** | 5,690,417 | 2,502,663 | 8,193,080 |
| **Increase (decrease) in reserve for inventory** | (6,783) | (37,136) | (43,919) |
| **Fund balances at end of year** | $ 6,713,131 | $ 5,988,331 | $ 12,701,462 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA 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** | | $ 4,552,301 |
| *Amounts reported for governmental activities in the statement of activities are different because:* | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. | | |
| Capital asset additions | $ 3,393,250 | |
| Current year depreciation/amortization | (2,207,989) | |
| Total | | 1,185,261 |
| The net effect of various miscellaneous transactions involving the disposal of capital assets is to decrease net position. | | (16,782) |
| Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed. | | (43,919) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Municipal income taxes | 813,120 | |
| Real and other taxes | (844) | |
| Miscellaneous | (58,352) | |
| Intergovernmental | 20,627 | |
| Special assessments | (4,625) | |
| Investment income | 10,653 | |
| Total | | 780,579 |
| The decrease in the City's equity interest in a joint venture does not use current financial resources and is not reported in the governmental funds. | | (959,796) |
| The issuance of bonds is reported as an other financing source in the governmental funds; however, in the statement of activities it is not reported as revenue since it increases liabilities on the statement of net position. | | (3,240,000) |
| Repayment of principal on bonds, notes, loans and leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | 325,933 |
| Premiums on the issuance of debt are recognized as other financing sources in the governmental funds, but they are amortized over the life of the issuance in the the statement of activities. | | (59,403) |
| Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. More interest is reported in the statement of activities due to the following: | | |
| Increase in accrued interest payable | (8,778) | |
| Amortization of bond premiums | 7,067 | |
| Amortization of deferred charges on refunding | (10,580) | |
| Total | | (12,291) |
| Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources. | | |
| Pension | 1,249,029 | |
| OPEB | 22,818 | |
| Total | | 1,271,847 |
| Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension asset/liability and net OPEB liability/asset are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (256,958) | |
| OPEB | 335,837 | |
| Total | | 78,879 |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | (46,393) |
| The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund, less $29,186 related to business-type activities, is allocated among the governmental activities. | | 370,452 |
| **Change in net position of governmental activities** | | $ 4,186,668 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual** | **(Negative)** |
| **Revenues:** | | | | |
| Municipal income taxes | $ 10,637,580 | $ 11,876,000 | $ 12,250,382 | $ 374,382 |
| Real and other taxes | 867,421 | 968,329 | 977,013 | 8,684 |
| Charges for services | 625,461 | 698,221 | 691,652 | (6,569) |
| Licenses and permits | 57,549 | 64,244 | 60,364 | (3,880) |
| Fines and forfeitures | 534,877 | 597,100 | 442,887 | (154,213) |
| Intergovernmental | 546,849 | 610,465 | 598,377 | (12,088) |
| Investment income | 71,663 | 80,000 | 39,714 | (40,286) |
| Contributions and donations | 4,479 | 5,000 | 2,600 | (2,400) |
| Refunds and reimbursements | 243,553 | 271,886 | 188,557 | (83,329) |
| Other | 179 | 200 | 29 | (171) |
| Total revenues | 13,589,611 | 15,171,445 | 15,251,575 | 80,130 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 3,730,008 | 3,494,022 | 3,059,242 | 434,780 |
| Security of persons and property | 8,597,339 | 8,661,968 | 8,175,623 | 486,345 |
| Community environment | 365,944 | 366,230 | 316,793 | 49,437 |
| Total expenditures | 12,693,291 | 12,522,220 | 11,551,658 | 970,562 |
| Excess of revenues over expenditures | 896,320 | 2,649,225 | 3,699,917 | 1,050,692 |
| **Other financing sources (uses):** | | | | |
| Transfers (out) | (2,726,000) | (3,051,000) | (2,982,690) | 68,310 |
| Total other financing sources (uses) | (2,726,000) | (3,051,000) | (2,982,690) | 68,310 |
| Net change in fund balances | (1,829,680) | (401,775) | 717,227 | 1,119,002 |
| **Fund balances at beginning of year** | 4,227,694 | 4,227,694 | 4,227,694 | - |
| **Prior year encumbrances appropriated** | 409,019 | 409,019 | 409,019 | - |
| **Fund balance at end of year** | $ 2,807,033 | $ 4,234,938 | $ 5,353,940 | $ 1,119,002 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | **Sewer** | **Storm Water** | **Total** | **Internal Service Fund** |
| **Assets:** | | | | |
| Current assets: | | | | |
| Equity in pooled cash and cash equivalents | $ 23,104,895 | $ 7,066 | $ 23,111,961 | $ - |
| Cash with fiscal agent | - | - | - | 995,187 |
| Receivables: | | | | |
| Accounts | 2,120,656 | - | 2,120,656 | - |
| Prepayments | 33,781 | - | 33,781 | - |
| Materials and supplies inventory | 37,467 | - | 37,467 | - |
| Total current assets | 25,296,799 | 7,066 | 25,303,865 | 995,187 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land and construction in progress | 993,201 | - | 993,201 | - |
| Depreciable capital assets, net | 38,088,942 | - | 38,088,942 | - |
| Total capital assets, net | 39,082,143 | - | 39,082,143 | - |
| Net pension asset | 13,715 | - | 13,715 | - |
| Net OPEB asset | 239,253 | - | 239,253 | - |
| Total noncurrent assets | 39,335,111 | - | 39,335,111 | - |
| Total assets | 64,631,910 | 7,066 | 64,638,976 | 995,187 |
| **Deferred outflows of resources:** | | | | |
| Unamortized deferred charges on debt refunding | 186,923 | - | 186,923 | - |
| Pension | 383,142 | - | 383,142 | - |
| OPEB | 11,996 | - | 11,996 | - |
| Total deferred outflows of resources | 582,061 | - | 582,061 | - |
| **Liabilities:** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 197,636 | - | 197,636 | - |
| Contracts payable | 99,062 | - | 99,062 | - |
| Accrued wages and benefits payable | 25,983 | - | 25,983 | - |
| Due to other governments | 4,640 | - | 4,640 | - |
| Accrued interest payable | 21,697 | - | 21,697 | - |
| Compensated absences payable - current | 147,583 | - | 147,583 | - |
| Unearned revenue | 31,374 | - | 31,374 | - |
| General obligation bonds payable | 665,000 | - | 665,000 | - |
| OWDA loans payable | 70,133 | - | 70,133 | - |
| Claims payable | - | - | - | 297,181 |
| Total current liabilities | 1,263,108 | - | 1,263,108 | 297,181 |
| Long-term liabilities: | | | | |
| Compensated absences payable | 232,169 | - | 232,169 | - |
| Unamortized premium on bonds | 124,565 | - | 124,565 | - |
| General obligation bonds payable | 3,340,000 | - | 3,340,000 | - |
| OWDA loans payable | 14,380,099 | - | 14,380,099 | - |
| Net pension liability | 686,880 | - | 686,880 | - |
| Total long-term liabilities | 18,763,713 | - | 18,763,713 | - |
| Total liabilities | 20,026,821 | - | 20,026,821 | 297,181 |
| **Deferred inflows of resources:** | | | | |
| Pension | 840,306 | - | 840,306 | - |
| OPEB | 257,415 | - | 257,415 | - |
| Total deferred inflows of resources | 1,097,721 | - | 1,097,721 | - |
| **Net position:** | | | | |
| Net investment in capital assets | 20,590,207 | - | 20,590,207 | - |
| Unrestricted | 23,499,222 | 7,066 | 23,506,288 | 698,006 |
| Total net position | $ 44,089,429 | $ 7,066 | 44,096,495 | $ 698,006 |
| Adjustment to reflect the consolidation of the internal service funds activity related to enterprise funds | | | 55,777 | |
| Net position of business-type activities | | | $ 44,152,272 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA 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 | | | Governmental Activities |
|---|---|---|---|---|
| | **Sewer** | **Storm Water** | **Total** | **Internal Service Fund** |
| **Operating revenues:** | | | | |
| Tap-in fees | $ 1,150 | $ - | $ 1,150 | $ - |
| Charges for services | 6,700,697 | 5,000 | 6,705,697 | 2,463,574 |
| Other operating revenues | 6,399 | - | 6,399 | - |
| Refunds and reimbursements | 1,190 | - | 1,190 | - |
| Total operating revenues | 6,709,436 | 5,000 | 6,714,436 | 2,463,574 |
| **Operating expenses:** | | | | |
| Personal services | 1,258,690 | - | 1,258,690 | - |
| Contract services | 630,810 | - | 630,810 | - |
| Materials and supplies | 190,225 | - | 190,225 | - |
| Administrative costs | - | - | - | 469,717 |
| Utilities | 121,199 | - | 121,199 | - |
| Claims expense | - | - | - | 1,600,915 |
| Depreciation | 1,060,796 | - | 1,060,796 | - |
| Other | 63,478 | 164 | 63,642 | - |
| Total operating expenses | 3,325,198 | 164 | 3,325,362 | 2,070,632 |
| Operating income | 3,384,238 | 4,836 | 3,389,074 | 392,942 |
| **Nonoperating revenues (expenses):** | | | | |
| Interest and fiscal charges | (153,255) | - | (153,255) | - |
| Loss on disposal of capital assets | (350) | - | (350) | - |
| Interest income | 79,348 | - | 79,348 | 6,696 |
| Total nonoperating revenues (expenses) | (74,257) | - | (74,257) | 6,696 |
| Change in net position | 3,309,981 | 4,836 | 3,314,817 | 399,638 |
| **Net position at beginning of year** | 40,779,448 | 2,230 | 40,781,678 | 298,368 |
| **Net position at end of year** | $ 44,089,429 | $ 7,066 | 44,096,495 | $ 698,006 |
| Adjustment to reflect the consolidation of the internal service funds activity related to enterprise funds | | | 29,186 | |
| Change in net position of business-type activities. | | | $ 3,344,003 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | **Sewer** | **Storm Water** | **Total** | **Internal Service Fund** |
| **Cash flows from operating activities:** | | | | |
| Cash received from tap in fees | $ 1,150 | $ - | $ 1,150 | $ - |
| Cash received from charges for services | 6,541,334 | 5,000 | 6,546,334 | 2,463,574 |
| Cash received from other operations | 6,799 | - | 6,799 | - |
| Cash received from refunds and reimbursements | 773 | - | 773 | - |
| Cash payments for personal services. | (1,707,379) | - | (1,707,379) | - |
| Cash payments for contractual services | (578,942) | - | (578,942) | - |
| Cash payments for materials and supplies | (179,742) | - | (179,742) | - |
| Cash payments for utilities | (120,330) | - | (120,330) | - |
| Cash payments for claims | - | - | - | (1,576,997) |
| Cash payments for other expenses | (63,389) | (164) | (63,553) | (469,717) |
| Net cash provided by operating activities | 3,900,274 | 4,836 | 3,905,110 | 416,860 |
| **Cash flows from capital and related financing activities:** | | | | |
| Acquisition of capital assets | (851,412) | - | (851,412) | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Principal retirement | (723,176) | - | (723,176) | - |
| Interest paid | (154,455) | - | (154,455) | - |
| Loan issuance | 7,080 | - | 7,080 | - |
| Net cash used in capital and related financing activities | (1,721,963) | - | (1,721,963) | - |
| **Cash flows from investing activities:** | | | | |
| Interest received | 79,352 | - | 79,352 | 6,696 |
| Net cash provided by investing activities | 79,352 | - | 79,352 | 6,696 |
| Net increase in cash and cash equivalents | 2,257,663 | 4,836 | 2,262,499 | 423,556 |
| **Cash and cash equivalents at beginning of year** | 20,847,232 | 2,230 | 20,849,462 | 571,631 |
| **Cash and cash equivalents at end of year** | $ 23,104,895 | $ 7,066 | $ 23,111,961 | $ 995,187 |

- - (Continued)

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|---|---|---|---|---|
| | Sewer | Storm Water | Total | |
| **Reconciliation of operating income to net cash provided by operating activities:** | | | | |
| Operating income | $ 3,384,238 | $ 4,836 | $ 3,389,074 | $ 392,942 |
| Adjustments: | | | | |
| Depreciation | 1,060,796 | - | 1,060,796 | - |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | | |
| Materials and supplies inventory | 11,127 | - | 11,127 | - |
| Accounts receivable | (165,819) | - | (165,819) | - |
| Prepayments | (3,207) | - | (3,207) | - |
| Net pension asset | 4,047 | - | 4,047 | - |
| Net OPEB asset | (115,714) | - | (115,714) | - |
| Deferred outflows-pension | (226,520) | - | (226,520) | - |
| Deferred outflows-OPEB | 51,035 | - | 51,035 | - |
| Accounts payable | 55,389 | - | 55,389 | - |
| Accrued wages and benefits | 3,879 | - | 3,879 | - |
| Intergovernmental payable | (11,435) | - | (11,435) | - |
| Compensated absences payable | 9,406 | - | 9,406 | - |
| Unearned revenue | 6,439 | - | 6,439 | - |
| Net pension liability | (361,514) | - | (361,514) | - |
| Net OPEB liability | - | - | - | - |
| Deferred inflows-pension | 356,469 | - | 356,469 | - |
| Deferred inflows-OPEB | (158,342) | - | (158,342) | - |
| Claims payable | - | - | - | 23,918 |
| Net cash provided by operating activities | $ 3,900,274 | $ 4,836 | $ 3,905,110 | $ 416,860 |

**Noncash transactions:**
At December 31, 2022, the sewer fund purchased capital assets on account, consisting of $99,062 in contracts payable.
In 2021 the sewer fund recognized as a gain on sale of capital assets in the amount of $46,600 for the trade-in value of capital assets sold.
At December 31, 2021, the sewer fund had $4 in interest recorded as accounts receivable.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

| | Custodial |
|---|---|
| **Assets:** | |
| Cash in segregated accounts | $ 209,350 |
| Receivables: | |
| Accounts | 1,157 |
| Total assets | 210,507 |
| **Liabilities:** | |
| Accounts payable | 1,157 |
| Total liabilities | 1,157 |
| **Net position:** | |
| Restricted for other governments | 209,350 |
| Total net position | $ 209,350 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TIFFIN**
**SENECA COUNTY, OHIO**

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

| | Custodial |
|---|---|
| **Additions:** | |
| Fines and forfeitures collections for other governments | $ 1,619,592 |
| Total additions | 1,619,592 |
| **Deductions:** | |
| Fines and forfeitures distributions to other governments | 1,623,515 |
| Total deductions | 1,623,515 |
| Net change in fiduciary net position | (3,923) |
| **Net position beginning of year** | 213,273 |
| **Net position end of year** | $ 209,350 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Tiffin (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 incorporated as a village in 1835 and became a City under the laws of the State of Ohio in 1850. In 1977, a voter-approved Charter became effective. The Mayor, Members of Council, the Law Director and the Municipal Judge are elected by separate ballot from the municipality at large for four-year terms. The Mayor is not a member of council and can only approve or veto council ordinances and resolutions. The Mayor appoints the City Administrator and the Director of Finance. The Director of Finance is appointed with the approval of City Council. The City Administrator appoints the remaining department managers of the City with the approval of the Mayor.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City provides police and fire protection within its boundaries, and ambulance protection and fire assistance to adjacent townships by mutual agreement contracts. The City provides basic utilities in the form of wastewater treatment. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains a park and recreation system.

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

The City is associated with a certain organization which is defined as a joint venture with equity interest:

Sandusky County - Seneca County - City of Tiffin Port Authority (the "Port Authority")

The Port Authority, a joint venture among Sandusky and Seneca Counties and the City of Tiffin, was established in 1989 under the authority of Section 4582.21 of the Ohio Revised Code, with territorial limits co-terminus with the boundaries of the counties, with Tiffin being within the boundaries of Seneca County. Its purpose was created following an enactment by the Ohio Legislature of the Ohio Port Authority Act which permits the Port Authority to administer railroad services to area businesses that ship goods within the State of Ohio. The Port Authority is governed by a seven member Board of Directors, consisting of two members from each of the counties and the City, with the seventh member being rotated among the three entities every four years. The members are appointed by the County Commissioners in the counties, and by the Mayor of Tiffin in the City. Appointed members may hold no other public office or public employment except Notary Public, member of the State Militia, or member of a reserve component of the United States Armed Forces. Initial funding for organizational expenses, including purchase of real or personal property by the Port Authority, was contributed by each subdivision with no obligation of future contributions or financial support. The contributions were equal and simultaneous. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the City and resolutions by the counties. Any real or personal property will be returned to the subdivision from which it was received.

Upon dissolution of the Port Authority, any balance remaining in the Port Authority's funds or any real or personal property belonging to the Port Authority will be distributed equally to the City and the counties after paying all expenses and debts. The City's equity interest in the Port Authority is $971,904 at December 31, 2022. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

**NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY - (Continued)**

The City is also associated with an organization which is defined as a joint venture without equity interest:

North Central Ohio Regional Council of Governments (the "Council")

The Council is established as a regional council of governments under Chapter 167, Ohio Revised Code and is a non-profit corporation under Chapter 1702, Ohio Revised Code. The Council is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well. The Council fosters regional progress through networks of public and private partnerships. The Council serves as a forum for assessing and acting on regional issues and problems through cooperative efforts by formulating policies, plans, and programs, and facilitating actions that are common and regional; that are cost effective and efficient for the region; and that contribute to the effectiveness of local government and the quality of life enjoyed by citizens of the region.

Membership in the Council shall be open to any governing body of any county, municipal corporation, township, special district, school district, educational service center or other political subdivision permitted to become a Member of the Council under Chapter 167, Ohio Revised Code. Currently, eight governing bodies make up the Council. Each political subdivision that is a member of the Council shall be entitled to one vote exercised by a duly authorized representative of the Member. Any Member may withdraw from membership in the Council by formal action of the political subdivision and upon sixty days' notice to the Council after such action.

The number of directors of the Council is established at not less than three or more than eight. The directors shall be divided into three classes. Directors shall be elected by receiving the highest number of votes cast on the ballot. Three directors shall be elected for a term of three years, three directors for a term of years, and two directors for a term of one year, respectively, and shall remain as directors until their term has expired and their respective successors are elected and qualified.

The fiscal year of the Council shall commence on July 1 and shall terminate on June 30 of the following calendar year.

The initial office of the Council shall be located at 928 W. Market Street, Suite A, Tiffin, Ohio 44883. At all times, the location of the principal office of the Council shall be determined by formal action of the Board of Directors of the Council.

The City is associated with a certain organization which is considered a public entity risk pool:

Jefferson Health Plan (JHP) Health Benefits Program
The JHP is a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code providing health care and related insurance benefits to over fifty member organizations. The JHP's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

The City is associated with certain organizations which are defined as jointly governed organizations:

Northeast Ohio Public Energy Council
The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 200 communities in 14 counties (Cuyahoga, Lake, Ashtabula, Lorain, Huron, Summit, Medina, Portage, Trumbull, Columbiana, Mahoning, Seneca, Stark and Geauga) who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

**NOTE 1 - DESCRIPTION OF THE ENTITY AND REPORTING ENTITY - (Continued)**

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board.

Financial information can be obtained by contacting NOPEC at 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopec.org.

Metro-Richland County (METRICH)
The City is a member of the Metro-Richland County Enforcement Unit which is a jointly governed organization between Crawford, Huron, Morrow, Knox, Seneca, Marion, Ashland, Hancock, Richland and Wyandot Counties, the City of Mansfield, the City of Tiffin and 38 other communities. METRICH remains one of the only decentralized task forces in the state promoting a Community Policing philosophy approach to task force operations. There is a control group in each county (Prosecutor, Sheriff, and chiefs of Police) that direct local efforts including setting local goals and objectives in support of the regional goals and objectives.

The METRICH Control Board is represented by each of the nine Prosecutors, Sheriffs and the Chief of Police of each of the participating agencies. Funding is obtained through grants administered by the Ohio Office of Criminal Justice Services (OCJS). This grant funding is utilized to support task force operations throughout all nine counties. Information can be obtained from the Mansfield Division of Police, Chief Keith Porch, Project Director.

The City has not included the Tiffin City School District, the Tiffin-Seneca Public Library, the Conner Memorial Commission, and the Weller Memorial Commission as it has no control over these operations and they are autonomous entities.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

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

The basic financial statements (BFS) 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. Basis of Presentation**

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the City segregates transactions related to certain City programs 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 a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds focus 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 be or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following is the City's major governmental fund:

*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.

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.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's enterprise funds are the sewer fund, which accounts for the financial transactions related to the wastewater treatment service operations of the City, and the storm water fund which accounts for the storm drainage runoff services provided to the residents and commercial users of the City.

Internal Service Funds - Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for a self-insurance program for medical benefits.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds which are considered fiduciary funds. The City's custodial funds account for monies collected by the Municipal Court to be distributed to other governments and other organizations and the State Patrol transfer account to distribute fines collected on behalf of other governments.

## C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and others 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 statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in 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)**

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds using a flow of economic resources measurement focus.

**D. 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 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, revenues are recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty 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 taxes, property taxes available as an advance, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants and rentals.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

<u>Expenses/Expenditures</u>

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**E. Budgetary Data**

An annual appropriated budget is legally required to be prepared for all funds of the City other than custodial funds. Council passes appropriations at the fund, department, and object level. Line item appropriations may be transferred between the accounts with the approval of the Finance Director and respective department head. Council must approve any revisions in the budget that alter total fund, department and object level appropriations.

The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

<u>Tax Budget</u>

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2022.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level for all funds. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Council legally enacted several supplemental appropriation ordinances during the year. The budget figures which appear in the statement of budgetary comparisons present the original and final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance for subsequent-year expenditures.

Lapsing of Appropriations

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

**F. Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund balance 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" on the basic financial statements.

During 2022, investments were limited to nonnegotiable certificates of deposit. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2022 amounted to $38,759, which included $19,994 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the basic financial statements, 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.

An analysis of the City's deposits and investments at year end is provided in Note 4.

**G. Inventories of Materials and Supplies**

On the government-wide financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used.

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

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 acquisition cost as of the date received. The City maintains a capitalization threshold of $2,500. Public domain ("infrastructure") general capital assets consisting of roads, bridges, curbs and gutters, streets, drainage systems, sewer lines and lighting systems have been capitalized. 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 except land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful life of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

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

Depreciation/amortization is computed using the straight-line method (with some assets having a ten percent salvage value) over the following useful lives:

| Description | Governmental Activities Estimated Lives | Business-Type Activities Estimated Lives |
|---|---|---|
| Buildings and Improvements | 20-40 years | 20 - 80 years |
| Land Improvements | 25 years | n/a |
| Machinery & Equipment | 5-20 years | 5 - 20 years |
| Furniture & Fixtures | 5-15 years | 5 - 10 years |
| Vehicles | 5-30 years | 5 - 20 years |
| Infrastructure | 10 - 50 years | 40 - 60 years |
| Intangible Right to Use - Leased Equipment | 8 years | n/a |

The City is reporting intangible right to use assets related to leased equipment. The lease agreement contains a purchase option that the City is reasonably certain of exercising, therefore the leased equipment is being amortized over its estimated useful life of 8 years.

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**K. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributed to services already rendered and are not contingent on a specific event that is outside the control of the City.

The City reports compensated absences in accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to payment are attributable to services already rendered; and it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination (severance) benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The City records a liability for unused sick leave that is expected to be paid out as severance for all employees who are age 50 or older or who have at least 15 years of City or local government employment service.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

**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 the proprietary fund are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Bond Premiums, Discounts and Deferred Gain/Loss on Refunding**

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

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

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is present in Note 14.

**N. Unearned Revenue**

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied. At December 31, 2022 this includes grant revenue received before all eligibility requirements have been met and customer sewer charges paid in advance.

**O. 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:

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

<u>Restricted</u> - 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.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes. City Council assigned fund balance to cover a gap between estimated revenues and appropriations in the 2023 budget.

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

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

**P. Net Position**

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

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

**Q. Interfund Activity**

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

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

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

### R. 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 City Council and that are either unusual in nature or infrequent in occurrence. No extraordinary transactions or special items occurred during 2022.

### S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

### T. Pensions/Other Postemployment Benefits (OPEB)

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

## 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; however, there was no impact on fund balance or net position as previously reported.

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.

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

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. Deficit Fund Balances

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

| Nonmajor fund | Deficit |
|---|---|
| Bella Street Bridge | $ 5,837 |

The general fund is liable for any fund deficits 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.

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

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;

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.

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

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

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

**A. Cash on Hand**

At year end, the City had $1,140 on hand in the form of drawer change and petty cash. This amount is included on the basic financial statements as "equity in pooled cash and cash equivalents", but is not considered part of the City's carrying amount of deposits at year end.

**B. Cash in Segregated Accounts**

The City has deposits with financial institutions for monies related to the Municipal Court which are reported in a custodial fund. The carrying amount of these deposits was $209,350 which is not included in the City's depository balance detailed in Note 4.D.

**C. Cash with Fiscal Agent**

The City is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous accounts. The amount held by the fiscal agent at December 31, 2022 was $995,187 which is not included in deposits and with financial institutions below.

**D. Deposits with Financial Institutions**

At December 31, 2022, the carrying amount of all City deposits was $34,958,027 and the bank balance of all City deposits was $35,451,008. Of the bank balance, $1,102,726 was covered by the FDIC and $34,348,281 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. 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.

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

**E. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

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

| | |
|---|---|
| Cash and cash equivalents per note | |
| Carrying amount of deposits | $ 34,958,027 |
| Cash on hand | 1,140 |
| Cash in segregated accounts | 209,350 |
| Cash with fiscal agent | 995,187 |
| Total | $ 36,163,704 |

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

| Cash and cash equivalents per statement of net position | |
|---|---|
| Governmental activities | $ 12,842,393 |
| Business-type activities | 23,111,961 |
| Custodial funds | 209,350 |
| Total | $ 36,163,704 |

## NOTE 5 - INTERFUND TRANSACTIONS

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

| Transfers to nonmajor governmental funds from: | |
|---|---|
| General fund | $ 386,000 |
| Nonmajor governmental funds | 563,811 |
| Total | $ 949,811 |

The primary purpose of the transfers was to provide funding for capital projects and debt service payments, or to provide required matching funds for grants. Transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

## 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 Tiffin. 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 a 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 considered a deferred inflow.

**NOTE 6 - PROPERTY TAXES - (Continued)**

The full tax rate for all City operations for the year ended December 31, 2022 was $4.10 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

| | |
|---|---|
| Real property | |
| Residential/agricultural | $ 203,473,470 |
| Commercial/industrial/public utility | 69,455,850 |
| Personal property | |
| Public utility | 24,524,960 |
| Total assessed value | $ 297,454,280 |

**NOTE 7 - LOCAL INCOME TAX**

The City levies a 2 percent income tax on substantially all income earned within the City. This includes a rate of 0.25 percent due to the passage of a 5 year levy in May 2018 for streets and bridges. In addition to tax on income earned within the City, residents employed in municipalities having an income tax less than 2 percent must pay the difference to the City. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The City's income tax ordinance allocates ten percent of the income tax revenues (net of refunds and the 0.25 percent levy) to be used to finance governmental type capital improvements. As a result, this portion of the revenue is shown as income tax revenue in the capital improvement fund. In addition, 0.25 percent of 2019 and after tax monies are allocated to a fund specific for streets and bridges improvements. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2022, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans, notes, and intergovernmental receivables arising from grants, entitlements, and shared revenue. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2022.

Receivables have been disaggregated on the face of the financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments, loans and notes which are collected over the life of the assessment, loan or note.

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

| Governmental activities: | Amounts |
|---|---|
| Local government support | $ 185,822 |
| Motor vehicle and gas tax | 484,446 |
| Homestead and rollback reimbursements | 67,717 |
| Total | $ 737,985 |

## NOTE 9 - NOTES RECEIVABLE

The City, through the community housing improvement grant program, makes deferred interest-free notes to qualifying Tiffin residents and businesses. The activity for these notes is accounted for in the CHIP revolving loan fund, a nonmajor governmental fund. The following is a summary of the changes in the notes receivable during 2022:

| | |
|---|---|
| Notes receivable at 12/31/21 | $ 616,201 |
| Principal balance of notes issued in 2022 | 49,800 |
| Principal payments received in 2022 | (30,050) |
| Principal amount forgiven in 2022 | (84,080) |
| Notes receivable at 12/31/22 | $ 551,871 |

## NOTE 10 - RISK MANAGEMENT

### A. Comprehensive

The City is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has contracted with UIS Insurance and Investments and the Public Entities Pool for property, theft, crime, liability and excess insurance. Below is a summary of the City's insurance coverage by type:

| | Per Occurrence | Deductibles | Annual Aggregate |
|---|---|---|---|
| Commercial Property (Blanket): | | | |
| Building and Contents - Replacement Cost | $ - | $ 2,500 | $51,898,281 |
| Employers Liability | 8,000,000 | - | 8,000,000 |
| General Liability | 8,000,000 | - | 8,000,000 |
| Law Enforcement Liability | 8,000,000 | 2,500 | 8,000,000 |
| Public Officials | 8,000,000 | 2,500 | 8,000,000 |
| Products/Completed Ops | - | - | 8,000,000 |
| Personal and Advertising Injury | 8,000,000 | - | - |
| Fire Damage | 500,000 | - | - |
| Medical Expenses | 5,000 | - | - |
| Cyber Liablity | 8,000,000 | - | 8,000,000 |
| Cyber Breach | 250,000 | - | 250,000 |
| Automobile Liability | 8,000,000 | - | - |
| Comprehensive and Collision | - | 500 | - |
| Medical Payments | 5,000 | - | - |
| Uninsured/Underinsured Motorist | 1,000,000 | - | - |
| Ambulance | - | 500 | 671,787 |
| Fire Vehicles | - | 500 | 3,137,725 |
| Employee Benefits Liability | 1,000,000 | 1,000 | - |
| Electronic Data Processing | - | 1,000 | 948,399 |
| Crime-Employee Dishonesty | 1,000,000 | 10,000 | - |
| Crime- Forgery or Alteration | 1,000,000 | 10,000 | - |
| Crime- Funds Transfer Fraud | 1,000,000 | 10,000 | - |
| Crime- Money Orders & Counterfeit Money | 1,000,000 | 10,000 | - |
| Miscellaneous Scheduled Property | - | 1,000 | 2,442,895 |
| Miscellaneous Unscheduled Property | - | 1,000 | 325,382 |

Real property and contents are 100 percent coinsured. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from 2021.

**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Medical Self-Insurance**

Medical insurance is offered to employees through a self-insurance internal service fund. The City is a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of $297,181 reported in the internal service fund at December 31, 2022 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two years are as follows:

| Fiscal Year | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|---|---|---|---|---|
| 2022 | $ 273,263 | $1,600,915 | ($1,576,997) | $ 297,181 |
| 2021 | 311,400 | 1,391,620 | (1,429,757) | 273,263 |

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## NOTE 11 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the City has reported capital assets for the right to use leased equipment which are reflected in the schedule below. These were previously reported in the machinery and equipment asset class. Changes in capital assets for the year ended December 31, 2022 were as follows.

| | Restated Balance 12/31/21 | Additions | Disposals | Balance 12/31/22 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| *Capital assets, not being depreciated/amortized:* | | | | |
| Land | $ 3,532,284 | $ - | $ - | $ 3,532,284 |
| Construction in progress | 1,689,143 | 846,295 | (1,689,141) | 846,297 |
| Total capital assets, not being depreciated/amortized | 5,221,427 | 846,295 | (1,689,141) | 4,378,581 |
| *Capital assets, being depreciated/amortized:* | | | | |
| Buildings and improvements | 8,085,757 | 126,872 | - | 8,212,629 |
| Land improvements | 952,604 | 316,475 | (5,725) | 1,263,354 |
| Machinery & equipment | 4,000,774 | 1,136,822 | (176,599) | 4,960,997 |
| Furniture & fixtures | 839,745 | 57,062 | (35,766) | 861,041 |
| Vehicles | 5,335,151 | 261,179 | (66,982) | 5,529,348 |
| Infrastructure | 41,103,239 | 2,337,686 | - | 43,440,925 |
| Intangible right to use - leased equipment | 119,890 | - | - | 119,890 |
| Total capital assets, being depreciated/amortized | 60,437,160 | 4,236,096 | (285,072) | 64,388,184 |
| *Less: accumulated depreciation/amortization:* | | | | |
| Buildings and improvements | (6,190,704) | (43,589) | - | (6,234,293) |
| Land improvements | (221,870) | (44,205) | 344 | (265,731) |
| Machinery & equipment | (2,789,352) | (298,383) | 175,144 | (2,912,591) |
| Furniture & fixtures | (419,103) | (70,127) | 34,823 | (454,407) |
| Vehicles | (2,660,348) | (479,168) | 57,979 | (3,081,537) |
| Infrastructure | (16,787,994) | (1,257,531) | - | (18,045,525) |
| Intangible right to use - leased equipment | (37,466) | (14,986) | - | (52,452) |
| Total accumulated depreciation/amortization | (29,106,837) | (2,207,989) | 268,290 | (31,046,536) |
| Total capital assets, being depreciated/amortized, net | 31,330,323 | 2,028,107 | (16,782) | 33,341,648 |
| Governmental activities capital assets, net | $36,551,750 | $ 2,874,402 | $ (1,705,923) | $ 37,720,229 |

**NOTE 11 - CAPITAL ASSETS - (Continued)**

| | Balance 12/31/21 | Additions | Disposals | Balance 12/31/22 |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| *Capital assets, not being depreciated:* | | | | |
| Land | $ 241,940 | $ - | $ - | $ 241,940 |
| Construction-in-progress | 13,602,504 | 751,261 | (13,602,504) | 751,261 |
| Total capital assets, not being depreciated | 13,844,444 | 751,261 | (13,602,504) | 993,201 |
| *Capital assets, being depreciated:* | | | | |
| Buildings and improvements | 13,221,447 | 13,676,981 | - | 26,898,428 |
| Machinery & equipment | 1,517,963 | 124,736 | (3,457) | 1,639,242 |
| Furniture & fixtures | 48,702 | - | - | 48,702 |
| Vehicles | 1,051,746 | - | - | 1,051,746 |
| Infrastructure | 31,401,234 | - | - | 31,401,234 |
| Total capital assets, being depreciated | 47,241,092 | 13,801,717 | (3,457) | 61,039,352 |
| *Less: accumulated depreciation:* | | | | |
| Buildings and improvements | (9,051,560) | (285,262) | - | (9,336,822) |
| Machinery & equipment | (770,841) | (117,608) | 3,107 | (885,342) |
| Furniture & fixtures | (48,702) | - | - | (48,702) |
| Vehicles | (907,965) | (37,086) | - | (945,051) |
| Infrastructure | (11,113,653) | (620,840) | - | (11,734,493) |
| Total accumulated depreciation | (21,892,721) | (1,060,796) | 3,107 | (22,950,410) |
| Total capital assets, being depreciated, net | 25,348,371 | 12,740,921 | (350) | 38,088,942 |
| Business-type activities capital assets, net | $ 39,192,815 | $ 13,492,182 | $ (13,602,854) | $ 39,082,143 |

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

| | |
|---|---|
| **Governmental activities:** | |
| General government | $ 100,547 |
| Security of persons and property | 486,191 |
| Transportation | 1,394,803 |
| Community environment | 16,426 |
| Leisure time activity | 210,022 |
| Total governmental activities | $ 2,207,989 |
| **Business-type activities:** | |
| Sewer | $ 1,060,796 |

## NOTE 12 - COMPENSATED ABSENCES

The City accrues unpaid vacation as it is earned and a certain portion of sick leave pay becomes vested as payment becomes probable.

Sick leave accumulates for non-union employees at the rate of 4.6 hours of sick leave each eighty hours of work completed. Upon retirement, death, or resignation with fifteen minimum years of continuous service, non-union employees receive 2/3 of sick leave accumulated not to exceed 120 days. Employees hired after July 1, 2013 receive 1/4 of sick leave accumulated not to exceed 30 days.

Sick leave accumulates for AFSCME union employees at the rate of 4.6 hours of sick leave for each eighty hours of work completed. Upon retirement or death, AFSCME union employees receive two-thirds of sick leave accumulated not to exceed 180 days.

Sick leave accumulates for fire union employees at the rate of 6.5 hours of sick leave per pay period of service in pay status. Upon retirement, death or resignation with 15 or more years of service fire union employees receive two-thirds of sick leave accumulated not to exceed 1,248 hours.

Sick leave accumulates for dispatchers and police union employees at the rate of 4.6 hours per pay period of service in pay status. Upon retirement, death or resignation with 15 or more years of service police union employees receive two-thirds of sick leave accumulated not to exceed 1,440 hours.

The accumulated sick leave balance is eliminated after payout. If there is no payout to the employee the accumulated sick leave balance can be transferred to another governmental job. A liability has been recognized in the accompanying financial statements for the portion of sick leave expected to be paid as severance for employees according to the union contracts or City Codified Ordinance.

Vacation is accumulated based upon length of service as follows:

| Employee Service | Non-Union & Dispatchers Credit | Employee Service | AFSCME Credit |
|---|---|---|---|
| 1 to 4 years | 10 days | 1 to 4 years | 10 days |
| After 5 years | 11 days | After 5 years | 11 days |
| After 6 years | 12 days | After 6 years | 12 days |
| After 7 years | 13 days | After 7 years | 13 days |
| After 8 years | 14 days | After 8 years | 14 days |
| After 9-12 years | 15 days | After 9-10 years | 15 days |
| After 13 years | 16 days | After 11-13 years | 16 days |
| After 14 years | 17 days | After 14 years | 17 days |
| After 15 years | 18 days | After 15 years | 18 days |
| After 16 years | 19 days | After 16-19 years | 20 days |
| **Non-Union** | | | |
| After 17-19 years | 20 days | 20-24 years | 21 days |
| After 20-24 years | 21 days | 25 or more years | 25 days |
| 25 years and over | 25 days | | |

**NOTE 12 - COMPENSATED ABSENCES - (Continued)**

| Employee Service | Non-Union & Dispatchers Credit | Employee Service | AFSCME Credit |
|---|---|---|---|
| **Dispatchers** | | | |
| 17-19 years | 20 days | | |
| 20-24 years | 21 days | | |
| 25 years | 25 days | | |

| Employee Service | Fire Credit | Employee Service | Police Credit |
|---|---|---|---|
| 1 to 6 years | 5 days | 1 to 5 years | 8 days |
| After 7-14 years | 8 days | After 6 years | 9 days |
| After 15-20 years | 10 days | After 7 years | 10 days |
| After 21-24 years | 11 days | After 8 years | 11 days |
| 25 or more years | 12 days | After 9-12 years | 12 days |
| | | After 13 years | 13 days |
| | | After 14 years | 14 days |
| | | After 15 years | 15 days |
| | | After 16-19 years | 16 days |
| | | 20-24 years | 17 days |
| | | 25 or more years | 20 days |

In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation. Vacation leave to an employee's credit which is in excess of the accrual for the last two years of employment shall be considered excess vacation. Employees shall forfeit their right to take or to be paid for excess vacation and such excess vacation is eliminated from the employee's vacation leave balance on each anniversary of employment.

Upon retirement or death of an employee, the employee or his estate is entitled to compensation at his current rate of pay for all lawfully accrued and unused vacation leave to his credit at the time of retirement or death.

**NOTE 13 - NOTES PAYABLE**

Changes in the City's notes payable activity for the year ended December 31, 2022, were as follows:

| | Balance 12/31/2021 | Issued | Retired | Balance 12/31/2022 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Street improvement notes, series 2021 | $ 3,155,000 | $ - | $(3,155,000) | $ - |

These notes were issued in anticipation of long-term bond financing. The series 2021 notes were issued on June 15, 2021 and matured on June 15, 2022 with a 1.0% interest rate.

## NOTE 14 - LONG-TERM OBLIGATIONS

**A.** Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the City has reported obligations for leases payable and financed purchase obligations which are reflected in the schedule below. Previously these were reported as capital leases. During 2022, the following activity occurred in the City's long-term obligations.

| | Restated Balance 12/31/21 | Additions | Retirements | Balance 12/31/22 | Amounts Due in One Year |
|---|---|---|---|---|---|
| **Governmental activities**: | | | | | |
| General obligation bonds: | | | | | |
| Street improvement bonds - series 2022, 3.00% - 5.00% | $ - | $ 3,240,000 | $ (50,000) | $ 3,190,000 | $ 115,000 |
| Joint Justice Center improvement bonds - series 2016, 2.00% - 3.50% | 1,915,000 | - | (70,000) | 1,845,000 | 75,000 |
| Capital improvement refunding bonds - series 2017, 2.00% - 3.25% | 1,370,000 | - | (140,000) | 1,230,000 | 140,000 |
| Total general obligation bonds | 3,285,000 | 3,240,000 | (260,000) | 6,265,000 | 330,000 |
| Other obligations: | | | | | |
| Compensated absences | 1,022,462 | 525,637 | (462,922) | 1,085,177 | 533,930 |
| Net pension liability | 13,950,673 | - | (1,715,868) | 12,234,805 | - |
| Net OPEB liability | 1,823,766 | 81,586 | - | 1,905,352 | - |
| Leases payable | 32,710 | - | (15,988) | 16,722 | 16,722 |
| Financed purchase obligations (direct borrowings) | 724,670 | - | (43,484) | 681,186 | 44,628 |
| Sandusky St. OPWC loan (direct borrowing) | 167,962 | - | (6,461) | 161,501 | 6,460 |
| Total governmental activities | $ 21,007,243 | $ 3,847,223 | $ (2,504,723) | 22,349,743 | $ 931,740 |
| | | Add: unamortized premium on bonds | | 143,299 | |
| | | Total on statement of net position | | $ 22,493,042 | |

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## NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

| | Balance 12/31/21 | Additions | Retirements | Balance 12/31/22 | Amounts Due in One Year |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| General obligation bonds: | | | | | |
| Sewer refunding bonds - series 2016, 2.00% - 3.00% | $ 2,070,000 | $ - | $ (395,000) | $ 1,675,000 | $ 400,000 |
| Sewer refunding bonds - series 2017, 2.00% - 3.25% | 2,590,000 | - | (260,000) | 2,330,000 | 265,000 |
| Total general obligation bonds | 4,660,000 | - | (655,000) | 4,005,000 | 665,000 |
| OWDA loans (direct borrowing): | | | | | |
| Rock Creek Interceptor #5991 - 2.85% | 913,591 | - | (68,176) | 845,415 | 70,133 |
| WWTP control plant upgrades #8179 - 0.00% | 13,597,737 | 7,080 | - | 13,604,817 | - |
| Total OWDA Loans | 14,511,328 | 7,080 | (68,176) | 14,450,232 | 70,133 |
| Other obligations: | | | | | |
| Compensated absences | 370,346 | 142,824 | (133,418) | 379,752 | 147,583 |
| Net pension liability | 1,048,394 | - | (361,514) | 686,880 | - |
| Total business-type activities | $ 20,590,068 | $ 149,904 | $ (1,218,108) | 19,521,864 | $ 882,716 |
| Add: unamortized premium on bonds | | | | 124,565 | |
| Total on statement of net position | | | | $ 19,646,429 | |

General obligation bonds - General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. The business-type activity debt is general obligation debt, but it is anticipated that user charges will pay-off all the outstanding bonds.

On June 14, 2022, the City issued $3,240,000 street improvement bonds - series 2022. The bonds bear interest rates ranging from 3.00% to 5.00%. The bonds mature on December 1, 2041. Principal and interest payments for the bonds are made from a debt service fund (a nonmajor governmental fund) created for this bond issuance.

On July 21, 2016, the City issued $3,895,000 sewer refunding bonds - series 2016 in order to advance refund previously outstanding bonds for a sewer separation project. Principal and interest payments are made from the sewer fund. The bonds mature on December 1, 2026. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. There is no defeased debt outstanding at December 31, 2022.

On July 21, 2016, the City issued $2,250,000 capital improvement bonds – series 2016. The bonds were issued for payment to Seneca County for the deposit into the Series 2016 Joint Justice Center Project Fund held by the County Auditor, and to be used for the City’s share of costs for the Joint Justice Center Project. The bonds bear interest rates ranging from 2.00% to 3.50%. Principal and interest payments for bonds are made from the debt service fund (a nonmajor governmental fund) created for this project. The bonds mature on December 1, 2041.

**NOTE 14 - LONG TERM OBLIGATIONS - (Continued)**

On April 6, 2017, the City issued $4,250,000 capital improvement and sewer refunding bonds - series 2017 in order to advance refund a portion of the series 2010 S. Shaffer Park Drive, Riverfront and sewer improvement general obligation bonds. The bonds bear interest rates ranging from 2.00% to 3.25% and mature on December 1, 2030. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. There is no defeased debt outstanding at December 31, 2022. For the capital improvement issuance, principal and interest payments for bonds are made from the debt service fund (a nonmajor governmental fund) created for this project.

OWDA Loans - The City has entered into two debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to OWDA are intended to be paid primarily from sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2022, the City had outstanding borrowings of $14,450,232.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through January 2033. Annual principal and interest payments on the loans are estimated to be 2.03 percent of net revenues and 1.37 percent of total operating revenues. The total principal and interest remaining to be paid on the loans is $14,588,992. Principal and interest paid for the current year were $91,731, net revenues were $4,524,382 and total operating revenues were $6,709,436.

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

OPWC Loan - In 2016 the City entered into a loan agreement with the Ohio Public Works Commission (OPWC) for repair of Sandusky Street. The interest-free loan requires semi-annual payments each January 1 and July 1 and matures on January 31, 2047. Payments are made from the debt service fund (a nonmajor governmental fund) created for this project.

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.

Compensated absences - Compensated absences will be paid from the fund from which the employee is paid, which for the City is primarily the general fund and sewer fund and the following nonmajor governmental funds: street construction, maintenance & repair and parks & recreation.

See Notes 15 and 16 for more detail on the net pension liability and the net OPEB liability, respectively.

Leases payable - The City has entered into a lease agreement for the right to use cardiac arrest equipment. The term for the lease is 4 years and payments are due annually. The implicit interest rate on the lease is 4.586%. Payments are made from the general capital improvement fund (a nonmajor governmental fund).

Financed purchase obligations - The City has entered into a financed purchase agreement to acquire a fire truck. The agreement requires annual payments, payable through 2035. Payments are made from the fire truck fund (a nonmajor governmental fund).

**NOTE 14 - LONG TERM OBLIGATIONS - (Continued)**

**B.** The future annual debt service requirements to maturity for the City's debt outstanding as of December 31, 2022 are as follows:

Governmental Activities

| | General Obligation Bonds | | | OPWC Loan | | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 330,000 | $ 223,788 | $ 553,788 | $ 6,460 | $ - | $ 6,460 |
| 2024 | 340,000 | 215,663 | 555,663 | 6,460 | - | 6,460 |
| 2025 | 340,000 | 205,863 | 545,863 | 6,460 | - | 6,460 |
| 2026 | 355,000 | 195,663 | 550,663 | 6,460 | - | 6,460 |
| 2027 | 370,000 | 182,513 | 552,513 | 6,461 | - | 6,461 |
| 2028 - 2032 | 1,705,000 | 701,926 | 2,406,926 | 32,300 | - | 32,300 |
| 2033 - 2037 | 1,455,000 | 417,775 | 1,872,775 | 32,300 | - | 32,300 |
| 2038 - 2042 | 1,370,000 | 127,100 | 1,497,100 | 32,300 | - | 32,300 |
| 2043 - 2047 | - | - | - | 32,300 | - | 32,300 |
| Totals | $ 6,265,000 | $ 2,270,291 | $ 8,535,291 | $161,501 | $ - | $ 161,501 |

Governmental Activities

| | Leases Payable | | | Financed Purchase Obligations | | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 16,722 | $ 766 | $ 17,488 | $ 44,628 | $ 17,921 | $ 62,549 |
| 2024 | - | - | - | 45,802 | 16,747 | 62,549 |
| 2025 | - | - | - | 47,007 | 15,542 | 62,549 |
| 2026 | - | - | - | 48,244 | 14,305 | 62,549 |
| 2027 | - | - | - | 49,513 | 13,036 | 62,549 |
| 2028 - 2032 | - | - | - | 267,803 | 44,940 | 312,743 |
| 2033 - 2035 | - | - | - | 178,189 | 9,457 | 187,646 |
| Totals | $ 16,722 | $ 766 | $ 17,488 | $681,186 | $131,948 | $ 813,134 |

Business-Type Activities

| | General Obligation Bonds | | | OWDA Loans * | | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 665,000 | $ 115,800 | $ 780,800 | $ 70,133 | $ 23,598 | $ 93,731 |
| 2024 | 690,000 | 100,500 | 790,500 | 72,146 | 21,585 | 93,731 |
| 2025 | 700,000 | 81,900 | 781,900 | 74,217 | 19,514 | 93,731 |
| 2026 | 715,000 | 60,900 | 775,900 | 76,347 | 17,384 | 93,731 |
| 2027 | 300,000 | 39,450 | 339,450 | 78,538 | 15,193 | 93,731 |
| 2028 - 2032 | 935,000 | 63,275 | 998,275 | 427,827 | 40,828 | 468,655 |
| 2033 | - | - | - | 46,207 | 658 | 46,865 |
| Totals | $ 4,005,000 | $ 461,825 | $ 4,466,825 | $845,415 | $138,760 | $ 984,175 |

**NOTE 14 - LONG TERM OBLIGATIONS - (Continued)**

* The WWTP control plant upgrades loan, with an outstanding principal balance of $13,604,817, is not closed out therefore an amortization schedule is not yet available.

**C.** 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 $20,962,699 and the unvoted debt margin was $16,359,985.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The remainder of this note includes the pension disclosures. See Note 16 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.

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 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

| **Group A**<br>Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | **Group B**<br>20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | **Group C**<br>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:**<br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | **Age and Service Requirements:**<br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | **Age and Service Requirements:**<br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| **Traditional Plan Formula:**<br>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:**<br>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:**<br>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:**<br>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:**<br>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:**<br>1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |
| **Public Safety** | **Public Safety** | **Public Safety** |
| **Age and Service Requirements:**<br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | **Age and Service Requirements:**<br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | **Age and Service Requirements:**<br>Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| **Law Enforcement** | **Law Enforcement** | **Law Enforcement** |
| **Age and Service Requirements:**<br>Age 52 with 15 years of service credit | **Age and Service Requirements:**<br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | **Age and Service Requirements:**<br>Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| **Public Safety and Law Enforcement** | **Public Safety and Law Enforcement** | **Public Safety and Law Enforcement** |
| **Traditional Plan Formula:**<br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | **Traditional Plan Formula:**<br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | **Traditional Plan Formula:**<br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

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

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

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

| | State and Local | Public Safety | Law Enforcement |
|---|---|---|---|
| **2022 Statutory Maximum Contribution Rates** | | | |
| Employer | 14.0 % | 18.1 % | 18.1 % |
| Employee * | 10.0 % | *** | **** |
| **2022 Actual Contribution Rates** | | | |
| Employer: | | | |
| Pension | 14.0 % | 18.1 % | 18.1 % |
| Post-employment Health Care Benefits ** | 0.0 % | 0.0 % | 0.0 % |
| Total Employer | 14.0 % | 18.1 % | 18.1 % |
| Employee | 10.0 % | 12.0 % | 13.0 % |

* 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%.
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
**** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

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 $479,152 for 2022. Of this amount, $10,812 is reported as a due to other governments.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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.

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:

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

| | 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 $929,516 for 2022. Of this amount, $20,453 is reported as a due to other governments.

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

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

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

| | OPERS - Traditional | OPERS - Combined | OPERS - Member-Directed | OP&F | Total |
|---|---|---|---|---|---|
| Proportion of the net pension liability/asset prior measurement date | 0.02204700% | 0.01832300% | 0.01327700% | 0.17213190% | |
| Proportion of the net pension liability/asset current measurement date | 0.02369600% | 0.00977400% | 0.01462400% | 0.17383230% | |
| Change in proportionate share | 0.00164900% | -0.00854900% | 0.00134700% | 0.00170040% | |
| Proportionate share of the net pension liability | $ 2,061,648 | $ - | $ - | $ 10,860,037 | $ 12,921,685 |
| Proportionate share of the net pension (asset) | - | (38,510) | (2,655) | - | (41,165) |
| Pension expense | (200,005) | (1,390) | (426) | 390,900 | 189,079 |

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| | OPERS - Traditional | OPERS - Combined | OPERS - Member-Directed | OP&F | Total |
|---|---|---|---|---|---|
| **Deferred outflows of resources** | | | | | |
| Differences between expected and actual experience | $ 105,100 | $ 239 | $ 2,626 | $ 313,136 | $ 421,101 |
| Changes of assumptions | 257,807 | 1,937 | 87 | 1,984,749 | 2,244,580 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 214,013 | - | - | 116,585 | 330,598 |
| Contributions subsequent to the measurement date | 464,062 | 10,809 | 4,281 | 929,516 | 1,408,668 |
| Total deferred outflows of resources | $ 1,040,982 | $ 12,985 | $ 6,994 | $ 3,343,986 | $ 4,404,947 |

| | OPERS - Traditional | OPERS - Combined | OPERS - Member-Directed | OP&F | Total |
|---|---|---|---|---|---|
| **Deferred inflows of resources** | | | | | |
| Differences between expected and actual experience | $ 45,217 | $ 4,304 | $ - | $ 564,574 | $ 614,095 |
| Net difference between projected and actual earnings on pension plan investments | 2,452,253 | 8,260 | 602 | 2,847,334 | 5,308,449 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 3,836 | - | - | 1,185,048 | 1,188,884 |
| Total deferred inflows of resources | $ 2,501,306 | $ 12,564 | $ 602 | $ 4,596,956 | $ 7,111,428 |

$1,408,668 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| | OPERS - Traditional | OPERS - Combined | OPERS - Member-Directed | OP&F | Total |
|---|---|---|---|---|---|
| Year Ending December 31: | | | | | |
| 2023 | $ (173,047) | $ (2,533) | $ 262 | $ (395,135) | $ (570,453) |
| 2024 | (784,620) | (3,494) | 201 | (1,127,860) | (1,915,773) |
| 2025 | (576,623) | (2,294) | 235 | (554,912) | (1,133,594) |
| 2026 | (390,096) | (1,696) | 248 | (335,786) | (727,330) |
| 2027 | - | (225) | 326 | 231,207 | 231,308 |
| Thereafter | - | (146) | 839 | - | 693 |
| Total | $ (1,924,386) | $ (10,388) | $ 2,111 | $ (2,182,486) | $ (4,115,149) |

***Actuarial Assumptions - OPERS***

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

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

| | |
|---|---|
| Wage inflation | |
| Current measurement date | 2.75% |
| Prior measurement date | 3.25% |
| Future salary increases, including inflation | |
| Current measurement date | 2.75% to 10.75% including wage inflation |
| Prior measurement date | 3.25% to 10.75% including wage inflation |
| COLA or ad hoc COLA | |
| Current measurement date | Pre 1/7/2013 retirees: 3.00%, simple<br>Post 1/7/2013 retirees: 3.00%, simple<br>through 2022, then 2.05% simple |
| Prior measurement date | Pre 1/7/2013 retirees: 3.00%, simple<br>Post 1/7/2013 retirees: 0.50%, simple<br>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 |

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

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

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

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| City's proportionate share | | | |
| of the net pension liability (asset): | | | |
| Traditional Pension Plan | $ 5,435,625 | $ 2,061,648 | $ (745,950) |
| Combined Plan | (28,736) | (38,510) | (46,133) |
| Member-Directed Plan | (2,340) | (2,655) | (2,925) |

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

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

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

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| Age | Police | 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 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.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| City's proportionate share of the net pension liability | $ 16,105,283 | $ 10,860,037 | $ 6,492,042 |

## NOTE 16 - DEFINED BENEFIT OPEB PLANS

***Net OPEB Liability/Asset***

See Note 15 for a description of the net OPEB liability/asset.

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

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

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

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

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

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

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

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

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 $1,713 for 2022. Of this amount, $39 is reported as a due to other governments.

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

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

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

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

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

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 $21,676 for 2022. Of this amount, $477 is reported as a due to other governments.

***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.

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 | 0.02159300% | 0.17213190% | |
| Proportion of the net OPEB liability/asset current measurement date | 0.02292700% | 0.17383230% | |
| Change in proportionate share | 0.00133400% | 0.00170040% | |
| Proportionate share of the net OPEB liability | $ - | $ 1,905,352 | $ 1,905,352 |
| Proportionate share of the net OPEB (asset) | (718,109) | - | (718,109) |
| OPEB expense | (649,370) | 91,082 | (558,288) |

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 | $ - | $ 86,676 | $ 86,676 |
| Changes of assumptions | - | 843,368 | 843,368 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 21,109 | 12,746 | 33,855 |
| Contributions subsequent to the measurement date | 1,713 | 21,676 | 23,389 |
| Total deferred outflows of resources | $ 22,822 | $ 964,466 | $ 987,288 |

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

| | OPERS | OP&F | Total |
|---|---|---|---|
| **Deferred inflows of resources** | | | |
| Differences between expected and actual experience | $ 108,926 | $ 251,821 | $ 360,747 |
| Net difference between projected and actual earnings on OPEB plan investments | 342,346 | 172,115 | 514,461 |
| Changes of assumptions | 290,683 | 221,295 | 511,978 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 19,854 | 257,557 | 277,411 |
| Total deferred inflows of resources | $ 761,809 | $ 902,788 | $ 1,664,597 |

$23,389 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 | $ (464,866) | $ 13,693 | $ (451,173) |
| 2024 | (151,866) | (11,856) | (163,722) |
| 2025 | (74,801) | 827 | (73,974) |
| 2026 | (49,167) | (9,163) | (58,330) |
| 2027 | - | 19,213 | 19,213 |
| Thereafter | - | 27,288 | 27,288 |
| Total | $ (740,700) | $ 40,002 | $ (700,698) |

***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 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

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

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

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

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

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

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| City's proportionate share of the net OPEB asset | $ 422,315 | $ 718,109 | $ 963,622 |

***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 | $ 725,869 | $ 718,109 | $ 708,903 |

***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 16 - 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 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

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

Note: assumptions are geometric.
* levered 2x

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| City's proportionate share of the net OPEB liability | $ 2,395,069 | $ 1,905,352 | $ 1,502,803 |

**NOTE 16 - 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 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

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

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) 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 |
|---|---|
| Budget basis | $ 717,227 |
| Net adjustment for revenue accruals | (2,818,962) |
| Net adjustment for expenditure accruals | 116,820 |
| Net adjustment for other financing sources/uses | 2,596,690 |
| Funds budgeted elsewhere | 7,677 |
| Adjustment for encumbrances | 410,045 |
| GAAP basis | $ 1,029,497 |

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

Certain funds that are legally budgeted in a separate fund are considered part of the general fund on a GAAP basis. This includes the following funds: flexible spending plan, unclaimed money, payroll, payroll dental insurance premium, and payroll vision insurance premium.

**NOTE 18 - FUND BALANCE**

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

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## NOTE 18 - FUND BALANCE – (Continued)

| Fund balance | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Nonspendable: | | | |
| Materials and supplies inventory | $ 40,113 | $ 60,029 | $ 100,142 |
| Prepayments | 103,320 | 18,525 | 121,845 |
| Unclaimed money | 2,842 | - | 2,842 |
| Permanent fund - Park Trust | - | 25,000 | 25,000 |
| Total nonspendable | 146,275 | 103,554 | 249,829 |
| Restricted: | | | |
| Debt service | - | 29,655 | 29,655 |
| Capital improvements | - | 1,884,551 | 1,884,551 |
| Transportation projects | - | 879,038 | 879,038 |
| Municipal court | - | 964,008 | 964,008 |
| Security of persons and property | - | 392,074 | 392,074 |
| Community environment | - | 60,048 | 60,048 |
| Economic development and assistance | - | 720,128 | 720,128 |
| Permanent fund - Park Trust | - | 4,259 | 4,259 |
| Other purposes | - | 99,539 | 99,539 |
| Total restricted | - | 5,033,300 | 5,033,300 |
| Committed: | | | |
| Debt service | - | 48,385 | 48,385 |
| Capital improvements | - | 269,395 | 269,395 |
| General government | 156,727 | - | 156,727 |
| Security of persons and property | 183,020 | 269,563 | 452,583 |
| Community environment | 31,247 | - | 31,247 |
| Flexible spending plan | 58,752 | - | 58,752 |
| Leisure-time activities | - | 164,198 | 164,198 |
| Economic development and assistance | - | 24,394 | 24,394 |
| Other purposes | - | 81,379 | 81,379 |
| Total committed | 429,746 | 857,314 | 1,287,060 |
| Assigned: | | | |
| Subsequent year appropriations | 721,191 | - | 721,191 |
| Total assigned | 721,191 | - | 721,191 |
| Unassigned (deficit) | 5,415,919 | (5,837) | 5,410,082 |
| Total fund balances (deficit) | $ 6,713,131 | $ 5,988,331 | $ 12,701,462 |

## NOTE 19 - CONTINGENT LIABILITIES

### A. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### B. Litigation

The City is not party to any lawsuits that, in the opinion of management, will have a material adverse effect on the City's financial condition.

## NOTE 20 - OTHER COMMITMENTS

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

| Fund | |
|---|---|
| General fund | $ 370,994 |
| Nonmajor governmental funds | 252,169 |
| Total | $ 623,163 |

## NOTE 21 - TAX ABATEMENTS AND TAX CREDITS

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Under the authority of ORC Sections 5709.62 and 5709.63, the EZ program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An EZ is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An EZ's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill. The total taxes abated by the EZ agreements in 2022 amounted to $420.

The City entered into multiple property tax abatement agreements with property owners under The Ohio Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. The total taxes abated by the CRA agreements in 2022 amounted to $17,432.

**NOTE 21 - TAX ABATEMENTS AND TAX CREDITS - (Continued)**

The City, by Ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation and/or for the purpose of fostering job retention in the City. Before the City passes an Ordinance granting a credit and/or allowing such a credit, the City and the taxpayer shall enter into an agreement specifying all the conditions of the credit. There were no taxes abated by these agreements in 2022.

**NOTE 22 - OPERATING AGREEMENT**

The City has entered into an agreement with Seneca County to share in the operating costs of the Joint Justice Center owned by the County. The City pays a portion of the annual operating costs of the Center in exchange for joint use of the building. Payments are made from the City's general fund and amounted to $119,687 in 2022. The initial term of the agreement is 50 years, ending on December 31, 2067, with automatic subsequent 5-year renewal terms, unless terminated by either party. In the event of termination, the County is to pay the City 25% of the fair value of the Center.

**NOTE 23 - SUBSEQUENT EVENTS**

At the May 2, 2023 election, City voters elected to renew an income tax of 0.25% for maintenance and repair of streets and bridges. The renewal is effective January 1, 2024 through December 31, 2028.

# REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| *Traditional Plan:* | | | | |
| City's proportion of the net pension liability | 0.023696% | 0.220470% | 0.022292% | 0.022750% |
| City's proportionate share of the net pension liability | $ 2,061,648 | $ 3,264,681 | $ 4,406,165 | $ 6,230,764 |
| City's covered payroll | $ 3,337,686 | $ 3,542,121 | $ 3,136,536 | $ 2,859,957 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 61.77% | 92.17% | 140.48% | 217.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.62% | 86.88% | 82.17% | 74.70% |
| *Combined Plan:* | | | | |
| City's proportion of the net pension asset | 0.009774% | 0.018230% | 0.031615% | 0.035638% |
| City's proportionate share of the net pension asset | $ 38,510 | $ 52,892 | $ 65,925 | $ 39,851 |
| City's covered payroll | $ 44,557 | $ 80,750 | $ 140,736 | $ 152,421 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 86.43% | 65.50% | 46.84% | 26.15% |
| Plan fiduciary net position as a percentage of the total pension asset | 169.88% | 157.67% | 145.28% | 126.64% |
| *Member Directed Plan:* | | | | |
| City's proportion of the net pension asset | 0.014624% | 0.013277% | 0.012499% | 0.015984% |
| City's proportionate share of the net pension asset | $ 2,655 | $ 2,420 | $ 472 | $ 364 |
| City's covered payroll | $ 91,690 | $ 79,740 | $ 74,290 | $ 91,370 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 2.90% | 3.03% | 0.64% | 0.40% |
| Plan fiduciary net position as a percentage of the total pension asset | 171.84% | 188.21% | 118.84% | 113.42% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| 0.023331% | 0.023821% | 0.022979% | 0.022409% | 0.022409% |
| $ 3,660,182 | $ 5,409,344 | $ 3,980,252 | $ 2,702,776 | $ 2,641,729 |
| $ 2,974,800 | $ 3,097,367 | $ 2,925,617 | $ 2,762,925 | $ 2,631,362 |
| 123.04% | 174.64% | 136.05% | 97.82% | 100.39% |
| 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |
| 0.040194% | 0.044002% | 0.021150% | n/a | n/a |
| $ 54,717 | $ 24,490 | $ 10,292 | n/a | n/a |
| $ 164,615 | $ 171,275 | $ 72,108 | n/a | n/a |
| 33.24% | 14.30% | 14.27% | n/a | n/a |
| 137.28% | 116.55% | 116.90% | n/a | n/a |
| 0.027249% | 0.026628% | 0.023855% | n/a | n/a |
| $ 951 | $ 111 | $ 91 | n/a | n/a |
| $ 149,340 | $ 109,433 | $ 132,858 | n/a | n/a |
| 0.64% | 0.10% | 0.07% | n/a | n/a |
| 124.46% | 103.40% | 103.91% | n/a | n/a |

**CITY OF TIFFIN**
**SENECA 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** |
|---|---|---|---|---|
| City's proportion of the net pension liability | 0.17383230% | 0.17213190% | 0.19325370% | 0.20133300% |
| City's proportionate share of the net pension liability | $ 10,860,037 | $ 11,734,386 | $ 13,018,601 | $ 16,434,093 |
| City's covered payroll | $ 4,446,736 | $ 4,544,652 | $ 4,510,088 | $ 4,490,715 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 244.22% | 258.20% | 288.66% | 365.96% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.03% | 70.65% | 69.89% | 63.07% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| 0.20342300% | 0.20636900% | 0.20167500% | 0.19261590% | 0.19261590% |
| $ 12,484,972 | $ 13,071,183 | $ 12,973,937 | $ 9,978,307 | $ 9,380,998 |
| $ 4,359,302 | $ 4,222,823 | $ 866,458 | $ 3,786,299 | $ 3,374,607 |
| 286.40% | 309.54% | 1497.35% | 263.54% | 277.99% |
| 70.91% | 68.36% | 66.77% | 72.20% | 73.00% |

**CITY OF TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| *Traditional Plan:* | | | | |
| Contractually required contribution | $ 464,062 | $ 467,276 | $ 495,897 | $ 439,115 |
| Contributions in relation to the contractually required contribution | (464,062) | (467,276) | (495,897) | (439,115) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 3,314,729 | $ 3,337,686 | $ 3,542,121 | $ 3,136,536 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| *Combined Plan:* | | | | |
| Contractually required contribution | $ 10,809 | $ 6,238 | $ 11,305 | $ 19,703 |
| Contributions in relation to the contractually required contribution | (10,809) | (6,238) | (11,305) | (19,703) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 77,207 | $ 44,557 | $ 80,750 | $ 140,736 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| *Member Directed Plan:* | | | | |
| Contractually required contribution | $ 4,281 | $ 9,169 | $ 7,974 | $ 7,429 |
| Contributions in relation to the contractually required contribution | (4,281) | (9,169) | (7,974) | (7,429) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 42,810 | $ 91,690 | $ 79,740 | $ 74,290 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 10.00% | 10.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 400,394 | $ 386,724 | $ 371,684 | $ 351,074 | $ 331,551 | $ 342,077 |
| (400,394) | (386,724) | (371,684) | (351,074) | (331,551) | (342,077) |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 2,859,957 | $ 2,974,800 | $ 3,097,367 | $ 2,925,617 | $ 2,762,925 | $ 2,631,362 |
| 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |
| $ 21,339 | $ 21,400 | $ 20,553 | $ 8,653 | $ 2,124 | $ - |
| (21,339) | (21,400) | (20,553) | (8,653) | (2,124) | - |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 152,421 | $ 164,615 | $ 171,275 | $ 72,108 | $ 17,700 | $ - |
| 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |
| $ 9,137 | $ 14,934 | $ 13,132 | $ 15,943 | | |
| (9,137) | (14,934) | (13,132) | (15,943) | | |
| $ - | $ - | $ - | $ - | | |
| $ 91,370 | $ 149,340 | $ 109,433 | $ 132,858 | | |
| 10.00% | 10.00% | 12.00% | 12.00% | | |

**CITY OF TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| *Police:* | | | | |
| Contractually required contribution | $ 376,895 | $ 377,045 | $ 387,825 | $ 373,922 |
| Contributions in relation to the contractually required contribution | (376,895) | (377,045) | (387,825) | (373,922) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 1,983,658 | $ 1,984,447 | $ 2,041,184 | $ 1,968,011 |
| Contributions as a percentage of covered payroll | 19.00% | 19.00% | 19.00% | 19.00% |
| *Fire:* | | | | |
| Contractually required contribution | $ 552,621 | $ 578,638 | $ 588,315 | $ 597,388 |
| Contributions in relation to the contractually required contribution | (552,621) | (578,638) | (588,315) | (597,388) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 2,351,579 | $ 2,462,289 | $ 2,503,468 | $ 2,542,077 |
| Contributions as a percentage of covered payroll | 23.50% | 23.50% | 23.50% | 23.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 385,805 | $ 365,687 | $ 350,117 | $ 331,911 | $ 314,016 | $ 241,806 |
| (385,805) | (365,687) | (350,117) | (331,911) | (314,016) | (241,806) |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 2,030,553 | $ 1,924,668 | $ 1,842,721 | $ 1,746,900 | $ 1,652,716 | $ 1,522,388 |
| 19.00% | 19.00% | 19.00% | 19.00% | 19.00% | 15.88% |
| $ 578,138 | $ 572,139 | $ 559,324 | $ 534,547 | $ 501,392 | $ 377,544 |
| (578,138) | (572,139) | (559,324) | (534,547) | (501,392) | (377,544) |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 2,460,162 | $ 2,434,634 | $ 2,380,102 | $ 2,274,668 | $ 2,133,583 | $ 1,852,219 |
| 23.50% | 23.50% | 23.50% | 23.50% | 23.50% | 20.38% |

**CITY OF TIFFIN**
**SENECA 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 | 0.022927% | 0.021593% | 0.022184% | 0.022866% | 0.023980% | 0.024435% |
| City's proportionate share of the net OPEB liability/(asset) | $ (718,109) | $ (384,697) | $ 3,064,187 | $ 2,981,187 | $ 2,604,051 | $ 2,467,993 |
| City's covered payroll | $ 3,473,933 | $ 3,702,611 | $ 3,351,562 | $ 3,103,748 | $ 3,288,755 | $ 3,378,075 |
| City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | 20.67% | 10.39% | 91.43% | 96.05% | 79.18% | 73.06% |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset | 128.23% | 115.57% | 47.80% | 46.33% | 54.14% | 54.05% |

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 TIFFIN**
**SENECA 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 SIX YEARS

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| City's proportion of the net OPEB liability | 0.17383230% | 0.17213190% | 0.19325370% | 0.20133300% | 0.20342300% | 0.20636900% |
| City's proportionate share of the net OPEB liability | $ 1,905,352 | $ 1,823,766 | $ 1,908,908 | $ 1,833,446 | $ 11,525,646 | $ 9,795,872 |
| City's covered payroll | $ 4,446,736 | $ 4,544,652 | $ 4,510,088 | $ 4,490,715 | $ 4,359,302 | $ 4,222,823 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 42.85% | 40.13% | 42.33% | 40.83% | 264.39% | 231.97% |
| 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 TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| Contractually required contribution | $ 1,713 | $ 3,667 | $ 3,190 | $ 2,972 |
| Contributions in relation to the contractually required contribution | (1,713) | (3,667) | (3,190) | (2,972) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 3,434,746 | $ 3,473,933 | $ 3,702,611 | $ 3,351,562 |
| Contributions as a percentage of covered payroll | 0.05% | 0.11% | 0.09% | 0.09% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | 3,655 | $ | 37,368 | $ | 71,593 | $ | 58,512 | $ | 54,667 | $ | 26,314 |
| | (3,655) | | (37,368) | | (71,593) | | (58,512) | | (54,667) | | (26,314) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 3,103,748 | $ | 3,288,755 | $ | 3,378,075 | $ | 3,130,583 | $ | 2,780,625 | $ | 2,631,362 |
| | 0.12% | | 1.14% | | 2.12% | | 1.87% | | 1.97% | | 1.00% |

**CITY OF TIFFIN**
**SENECA 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 |
|---|---|---|---|---|
| *Police:* | | | | |
| Contractually required contribution | $ 9,918 | $ 9,922 | $ 10,206 | $ 9,840 |
| Contributions in relation to the contractually required contribution | (9,918) | (9,922) | (10,206) | (9,840) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 1,983,658 | $ 1,984,447 | $ 2,041,184 | $ 1,968,011 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |
| *Fire:* | | | | |
| Contractually required contribution | $ 11,758 | $ 12,311 | $ 12,517 | $ 12,710 |
| Contributions in relation to the contractually required contribution | (11,758) | (12,311) | (12,517) | (12,710) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 2,351,579 | $ 2,462,289 | $ 2,503,468 | $ 2,542,077 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | 10,153 | $ | 9,623 | $ | 9,463 | $ | 8,971 | $ | 8,200 | $ | 55,218 |
| | (10,153) | | (9,623) | | (9,463) | | (8,971) | | (8,200) | | (55,218) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 2,030,553 | $ | 1,924,668 | $ | 1,842,721 | $ | 1,746,900 | $ | 1,652,716 | $ | 1,522,388 |
| | 0.50% | | 0.50% | | 0.50% | | 0.50% | | 0.50% | | 3.62% |
| $ | 12,301 | $ | 12,173 | $ | 11,901 | $ | 11,373 | $ | 10,538 | $ | 67,071 |
| | (12,301) | | (12,173) | | (11,901) | | (11,373) | | (10,538) | | (67,071) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 2,460,162 | $ | 2,434,634 | $ | 2,380,102 | $ | 2,274,668 | $ | 2,133,583 | $ | 1,852,219 |
| | 0.50% | | 0.50% | | 0.50% | | 0.50% | | 0.50% | | 3.62% |

## PENSION

### *OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* :

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

*Changes in assumptions* :

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

(Continued)

## PENSION

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

*Changes in benefit terms* :

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

*Changes in assumptions* :

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

(Continued)

## OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### *OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* :

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

*Changes in assumptions* :

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

(Continued)

## 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% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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Julian & Grube

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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 Tiffin
Seneca County
53 East Market Street
Tiffin, Ohio 44883

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 Tiffin, Seneca 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 Tiffin's basic financial statements, and have issued our report thereon dated June 23, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Tiffin'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 Tiffin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tiffin'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 Tiffin'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 Tiffin'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 Tiffin'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 Tiffin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 23, 2023

OHIO AUDITOR OF STATE
KEITH FABER

**CITY OF TIFFIN**

**SENECA 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 9/12/2023**

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