CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF URBANA
CHAMPAIGN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Members of Council
City of Urbana
205 S. Main Street
Urbana, Ohio 43078

We have reviewed the *Independent Auditors' Report* of the City of Urbana, Champaign County, prepared by Clark, Schaefer, Hackett & Co., 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 Urbana is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 15, 2023

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TABLE OF CONTENTS

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

City of Urbana
Champaign County
205 S. Main Street
Urbana, Ohio 43078

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Ohio (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the required pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 26, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 26, 2023

As management of the City of Urbana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately $45.5 million (net position).
- The City's net position increased by approximately $4.6 million during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately $14.6 million, an increase of $1.8 million in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, health, leisure time activities, community development, transportation, and general government. The business-type activities of the City include water distribution, sewage collection, storm water distribution, and recycling.

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.

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

Because the focus of 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 statements. By doing so, 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 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police and Fire Levy Fund, and Capital Improvement Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. The City utilizes only one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, sewage collection, storm water distribution, and recycling activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each major enterprise fund.

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

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with budgetary law, as well as the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees.

Government-Wide Financial Analysis

Table 1 shows the detail of the City's net position at December 31, 2022 and 2021.

	Governmental Activities			Business-Type Activities		
	2022	Restated 2021	Change	2022	Restated 2021	Change
Assets						
Current & Other Assets	$ 20,128,985	$ 16,975,847	$ 3,153,138	$ 7,382,003	$ 7,923,796	$ (541,793)
Net OPEB Asset	453,546	262,896	190,650	159,354	92,369	66,985
Capital Assets	20,877,630	21,739,079	(861,449)	41,789,388	40,752,612	1,036,776
Total Assets	41,460,161	38,977,822	2,482,339	49,330,745	48,768,777	561,968
Deferred Outflows of Resources						
Other	20,325	21,225	(900)	-	-	-
Pension & OPEB	3,702,006	2,412,978	1,289,028	197,056	151,660	45,396
Total Deferred Outflows of Resources	3,722,331	2,434,203	1,288,128	197,056	151,660	45,396
Liabilities						
Current & Other Liabilities	2,243,309	1,298,894	944,415	121,266	726,464	(605,198)
Long-Term Liabilities:						
Due Within One Year	310,510	425,161	(114,651)	1,812,121	1,734,705	77,416
Due In More Than One Year:						
Net Pension Liability	8,591,555	10,024,986	(1,433,431)	442,174	772,587	(330,413)
Net OPEB Liability	1,286,558	1,216,335	70,223	-	-	-
Other Amounts	1,791,068	1,601,235	189,833	25,537,364	26,128,185	(590,821)
Total Liabilities	14,223,000	14,566,611	(343,611)	27,912,925	29,361,941	(1,449,016)
Deferred Inflows of Resources						
Property Taxes	646,684	693,102	(46,418)	-	-	-
Other	168,584	224,779	(56,195)	233,970	270,674	(36,704)
Pension & OPEB	5,299,209	3,597,442	1,701,767	741,716	720,762	20,954
Total Deferred Inflows of Resources	6,114,477	4,515,323	1,599,154	975,686	991,436	(15,750)
Net Investment in Capital Assets	20,052,828	20,760,743	(707,915)	14,605,651	12,731,210	1,874,441
Restricted	8,078,404	6,614,453	1,463,951	-	-	-
Unrestricted	(3,286,217)	(5,045,105)	1,758,888	6,033,539	5,835,850	197,689
Total Net Position	$ 24,845,015	$ 22,330,091	$ 2,514,924	$ 20,639,190	$ 18,567,060	$ 2,072,130

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

There was a significant change in net pension/OPEB amounts for the City. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements.

Governmental Activities

Current and other assets increased significantly in comparison with the prior year. This increase is mainly due to an increase in equity in pooled cash and investments. Pooled cash and investments increased due to the City receiving grants during the year related to the COVID-19 pandemic and an increase in income tax receipts.

Current and other liabilities increased significantly in comparison with the prior year. This increase is mainly due to an increase in unearned revenue related to unspent grants received by the City.

Business-Type Activities

Current and other liabilities decreased significantly in comparison with the prior year. This decrease is mainly due to the City completing various capital related projects during the year.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2022 and 2021.

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Revenues						
Program Revenues						
Charges for Services	$ 2,679,884	$ 2,246,364	$ 433,520	$ 6,397,289	$ 6,346,268	$ 51,021
Operating Grants	1,184,098	895,226	288,872	-	-	-
Capital Grants	148,151	751,030	(602,879)	856,062	16,667	839,395
Total Program Revenues	4,012,133	3,892,620	119,513	7,253,351	6,362,935	890,416
General Revenues						
Income Taxes	9,266,261	7,437,221	1,829,040	-	-	-
Property and Other Local Taxes	926,731	904,287	22,444	-	-	-
Unrestricted Grants	474,846	441,356	33,490	-	-	-
Gain on Sale of Assets	71,182	305,643	(234,461)	-	-	-
Investment Earnings	55,127	47,453	7,674	1,889	-	1,889
Other	505,419	742,819	(237,400)	-	57,556	(57,556)
Total General Revenues	11,299,566	9,878,779	1,420,787	1,889	57,556	(55,667)
Total Revenues	15,311,699	13,771,399	1,540,300	7,255,240	6,420,491	834,749
Program Expenses						
General Government	3,590,534	1,913,832	1,676,702	-	-	-
Public Safety	5,796,592	5,430,067	366,525	-	-	-
Public Health	257,108	256,407	701	-	-	-
Leisure Time Services	374,429	346,028	28,401	-	-	-
Community Development	142,389	126,678	15,711	-	-	-
Basic Utility Service	3,550	2,786	764	-	-	-
Transportation	2,608,715	2,280,926	327,789	-	-	-
Interest and Fiscal Charges	23,458	30,547	(7,089)	-	-	-
Enterprise Operations						
Water	-	-	-	2,193,135	1,671,386	521,749
Sewer	-	-	-	2,538,303	2,729,325	(191,022)
Storm Water	-	-	-	260,428	123,572	136,856
Recycling Program	-	-	-	191,244	167,684	23,560
Total Expenses	12,796,775	10,387,271	2,409,504	5,183,110	4,691,967	491,143
Change in Net Position	2,514,924	3,384,128	(869,204)	2,072,130	1,728,524	343,606
Net Position Beginning of Year	22,330,091	18,945,963	3,384,128	18,567,060	16,838,536	1,728,524
Net Position End of Year	$ 24,845,015	$ 22,330,091	$ 2,514,924	$ 20,639,190	$ 18,567,060	$ 2,072,130

Governmental Activities Governmental activities increased the City's net position. This increase is primarily the result of an increase in income tax revenues. Total expenses increased in comparison with the prior year. This increase is due to an increase in pension and OPEB expense.

Business-type Activities Business-type activities increased the City's net position. This increase represents the amount in which user charges and grants exceeded operating costs. Surplus funds will be used for future capital projects and debt payments.

Financial Analysis of the Government's Funds

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

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

The schedule below indicates the ending fund balance of major funds as of December 31, 2022 and 2021.

	Fund Balance 12/31/2022	Fund Balance 12/31/2021	Increase
General	$ 5,452,325	$ 4,954,977	$ 497,348
Police and Fire Levy	1,922,384	1,410,139	512,245
Capital Improvement	1,915,619	1,497,396	418,223

The fund balance of the City's general fund increased during the current year. This increase represents the amount in which revenues exceeded expenditures and transfers to other funds. Most revenues were fairly consistent with amounts reported in the previous year, though there were increases in income tax due to the COVID-19 pandemic in prior years.

The *Police and Fire Levy Fund* accounts for the income tax for additional patrolmen and firefighters that the General Fund is unable to financially support. The police and fire levy fund's fund balance increased during the current fiscal year. This increase represents the amount by which income tax revenues and other revenues exceeded public safety expenditures during the year.

The *Capital Improvement Fund* accounts for the accumulation of financial resources to be used for the acquisition or construction of capital assets as well as to service debt. The Capital Improvement Fund's fund balance increased during the current fiscal year. This increase represents the amount by which income tax and intergovernmental revenues exceeded capital outlays and debt service expenditures. Revenue remained proportionately consistent compared to prior year. Expenditures decreased in comparison with the prior year. This decrease is mainly due the City completing various capital related projects during the prior year.

Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

	Total Net Position 12/31/2022	Total Net Position 12/31/2021	Increase
Water Revenue	$ 8,279,966	$ 7,208,624	$ 1,071,342
Sewer Revenue	11,352,120	10,388,095	964,025

The total net position in both the Water Revenue Fund and Sewer Revenue Fund increased in comparison with the prior year. The increase for the Water Fund represents the amount in which charges for services and capital contributions exceeded user charges, depreciation, and interest expenses. During the year, the City received a grant for infrastructure in the Water Fund. The increase in the Sewer Fund represents the amount in which charges for services exceeded user charges, depreciation, and interest expenses.

Budget Information

General Fund

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

There was an increase between the original and final revenue estimates. Actual revenue exceeded final revenue estimates as a result of greater than expected income tax revenues.

Final appropriations were higher than the original resolution, and the final amended appropriations exceeded actual expenditures.

Capital Assets and Debt Administration

Capital Assets

Governmental activities' investment in capital assets decreased in comparison with the prior year. This decrease represents the amount in which current year depreciation and disposals exceeded capital asset additions during the year.

Business-type activities' investment in capital assets increased in comparison with the prior year. This increase represents the amount in which current year capital asset additions exceeded depreciation during the year. During the year, the City completed the advanced metering replacement project and continued construction on the septage receiving station.

Detailed information regarding capital asset activity is included in the Note 10 to the basic financial statements.

Debt

At year end, the City's governmental activities' direct placements and borrowings outstanding decreased in comparison with the prior year. This decrease represents principal payments made during the year.

At year end, the City's proprietary activities' long-term obligations outstanding decreased in comparison with the prior year. This decrease represents the amount in which principal payments exceeded the issuance of new loans during the year.

Detailed information regarding long-term debt is included in Note 11 to the basic financial statements.

Contacting the City Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Chris Boettcher, Finance Director, 225 South Main Street, Urbana, Ohio 43078.

City of Urbana
Champaign County, Ohio
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$ 15,147,022	$ 6,127,903	$ 21,274,925
Income Taxes Receivable	2,050,465	-	2,050,465
Property Taxes Receivable	668,163	-	668,163
Other Local Taxes	2,611	-	2,611
Accounts Receivable	266,698	753,673	1,020,371
Notes Receivable	461,349	-	461,349
Due from Other Governments	579,571	-	579,571
Leases Receivable	169,963	235,100	405,063
Special Assessments Receivable	562,741	46,045	608,786
Prepaid Items	48,852	13,119	61,971
Materials and Supplies Inventory	171,550	206,163	377,713
Net OPEB Asset	453,546	159,354	612,900
Non-Depreciable Capital Assets	3,689,111	2,224,173	5,913,284
Depreciable Capital Assets, net	17,188,519	39,565,215	56,753,734
Total Assets	41,460,161	49,330,745	90,790,906
Deferred Outflows of Resources			
Asset Retirement Obligation	20,325	-	20,325
Pension	2,972,307	197,056	3,169,363
OPEB	729,699	-	729,699
Total Deferred Outflows of Resources	3,722,331	197,056	3,919,387
Liabilities			
Accounts Payable	74,788	38,438	113,226
Accrued Wages and Benefits	235,620	35,109	270,729
Retainage Payable	-	25,300	25,300
Due to Other Governments	169,890	22,419	192,309
Unearned Revenue	1,763,011	-	1,763,011
Long-Term Liabilities:			
Due Within One Year	310,510	1,812,121	2,122,631
Due In More Than One Year:			
Net Pension Liability	8,591,555	442,174	9,033,729
Net OPEB Liability	1,286,558	-	1,286,558
Other Amounts Due in More Than One Year	1,791,068	25,537,364	27,328,432
Total Liabilities	14,223,000	27,912,925	42,135,925
Deferred Inflows of Resources			
Property and Other Local Taxes Levied for the Next Year	646,684	-	646,684
Leases	168,584	233,970	402,554
Pension	4,302,751	566,415	4,869,166
OPEB	996,458	175,301	1,171,759
Total Deferred Inflows of Resources	6,114,477	975,686	7,090,163
Net Position			
Net Investment in Capital Assets	20,052,828	14,605,651	34,658,479
Restricted for:			
Capital Projects	4,177,019	-	4,177,019
Transportation Programs	802,863	-	802,863
Public Safety Programs	2,518,963	-	2,518,963
Debt Services	139,276	-	139,276
Permanent Endowments	96,599	-	96,599
Grant Programs	175,820	-	175,820
Other Purposes	167,864	-	167,864
Unrestricted	(3,286,217)	6,033,539	2,747,322
Total Net Position	$ 24,845,015	$ 20,639,190	$ 45,484,205

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Activities
For the Year Ended December 31, 2022

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	$ 3,590,534	$ 891,876	$ 512,496	$ 158
Public Safety	5,796,592	1,252,524	124,056	-
Public Health	257,108	174,157	-	-
Leisure Time Services	374,429	73,384	552	8,776
Community Development	142,389	30,909	170	-
Basic Utility Service	3,550	-	-	-
Transportation	2,608,715	257,034	546,824	139,217
Interest and Fiscal Charges	23,458	-	-	-
Total Governmental Activities	12,796,775	2,679,884	1,184,098	148,151
Business-Type Activities				
Water	2,193,135	2,407,498	-	856,062
Sewer	2,538,303	3,501,356	-	
Storm Water	260,428	302,531	-	-
Recycling Program	191,244	185,904	-	-
Total Business-Type Activities	5,183,110	6,397,289	-	856,062
Total	$ 17,979,885	$ 9,077,173	$ 1,184,098	$ 1,004,213

General Revenues
Property Taxes
Income Taxes
Other Local Taxes
Grants and Contributions Unrestricted
Gain on Sale of Assets
Investment Earnings
Other Unrestricted
Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (2,186,004)	$ -	$ (2,186,004)
(4,420,012)	-	(4,420,012)
(82,951)	-	(82,951)
(291,717)	-	(291,717)
(111,310)	-	(111,310)
(3,550)	-	(3,550)
(1,665,640)	-	(1,665,640)
(23,458)	-	(23,458)
(8,784,642)	-	(8,784,642)
-	1,070,425	1,070,425
-	963,053	963,053
-	42,103	42,103
-	(5,340)	(5,340)
-	2,070,241	2,070,241
$ (8,784,642)	$ 2,070,241	$ (6,714,401)
672,231	-	672,231
9,266,261	-	9,266,261
254,500	-	254,500
474,846	-	474,846
71,182	-	71,182
55,127	1,889	57,016
505,419		505,419
11,299,566	1,889	11,301,455
2,514,924	2,072,130	4,587,054
22,330,091	18,567,060	40,897,151
$ 24,845,015	$ 20,639,190	$ 45,484,205

City of Urbana
Champaign County, Ohio
Balance Sheet
Governmental Funds
December 31, 2022

	General	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	$ 5,627,959	$ 1,842,071	$ 1,777,188	$ 5,899,804	$ 15,147,022
Income Taxes Receivable	1,098,463	439,385	366,155	146,462	2,050,465
Property Taxes Receivable	546,467	-	-	121,696	668,163
Other Local Taxes Receivable	-	-	-	2,611	2,611
Accounts Receivable	231,531	-	-	35,167	266,698
Due from Other Governments	225,952	-	-	353,619	579,571
Notes Receivable	-	-	-	461,349	461,349
Special Assessments Receivable	-	-	-	562,741	562,741
Leases Receivable	-	-	-	169,963	169,963
Advances to Other Funds	70,500	-	-	470,000	540,500
Prepaid Items	39,713	-	-	9,139	48,852
Materials and Supplies Inventory	35,973	-	-	135,577	171,550
Total Assets	$ 7,876,558	$ 2,281,456	$ 2,143,343	$ 8,368,128	$ 20,669,485
Liabilities					
Accounts Payable	$ 41,385	$ 1,610	$ 1,055	$ 30,738	$ 74,788
Accrued Wages and Benefits	153,855	51,879	-	29,886	235,620
Due to Other Governments	116,142	33,581	-	20,167	169,890
Advances from Other Funds	-	-	-	540,500	540,500
Unearned Revenue	563,660	-	-	1,199,351	1,763,011
Total Liabilities	875,042	87,070	1,055	1,820,642	2,783,809
Deferred Inflows of Resources					
Property and Other Local Taxes Levied for the Next Year	528,894	-	-	117,790	646,684
Unavailable Revenue	1,020,297	272,002	226,669	911,351	2,430,319
Leases	-	-	-	168,584	168,584
Total Deferred Inflows of Resources	1,549,191	272,002	226,669	1,197,725	3,245,587
Fund Balances					
Nonspendable	146,186	-	-	614,716	760,902
Restricted	18,015	1,922,384	1,915,619	3,092,345	6,948,363
Committed	-	-	-	594,040	594,040
Assigned	183,677	-	-	1,357,348	1,541,025
Unassigned	5,104,447	-	-	(308,688)	4,795,759
Total Fund Balance	5,452,325	1,922,384	1,915,619	5,349,761	14,640,089
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,876,558	$ 2,281,456	$ 2,143,343	$ 8,368,128	$ 20,669,485

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022

Total Governmental Fund Balances		$ 14,640,089
Amounts reported for governmental activities in 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.		20,877,630
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Income Taxes Receivable	$ 1,269,345	
Property Taxes Receivable	21,479	
Due From Other Governments	394,364	
Accounts Receivable - Ambulance	161,177	
Accounts Receivable - Cemetery	21,213	
Special Assessments Receivable	562,741	2,430,319
The net pension liability and net OPEB liability/asset are not due and payable or available in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	453,546	
Deferred Outflows - Pension	2,972,307	
Deferred Outflows - OPEB	729,699	
Net Pension Liability	(8,591,555)	
Net OPEB Liability	(1,286,558)	
Deferred Inflows - Pension	(4,302,751)	
Deferred Inflows - OPEB	(996,458)	(11,021,770)
Long-term liabilities are not due and payable in the current period and therefore, the liabilities and related deferred inflows/outflows of resources are not reported in the governmental funds.		
General Obligation Debt	(621,624)	
OPWC Loans	(142,241)	
Lease Purchase	(60,937)	
Deferred Outflow Asset Retirement	20,325	
Asset Retirement Obligation	(45,000)	
Compensated Absences	(1,231,776)	(2,081,253)
Net Position of Governmental Activities		$ 24,845,015

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	General	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Income Taxes	$ 4,836,077	$ 1,964,750	$ 1,637,291	$ 654,917	$ 9,093,035
Property Taxes	528,894	-	9,560	150,992	689,446
Other Local Taxes	27,666	-	-	226,834	254,500
Intergovernmental	468,655	-	64,285	866,960	1,399,900
Charges for Services	1,265,426	-	-	433,999	1,699,425
Fines, Licenses, and Permits	575,069	-	-	344,816	919,885
Interest	55,127	-	-	5,174	60,301
Miscellaneous	219,193	271	5,600	390,781	615,845
Total Revenues	7,976,107	1,965,021	1,716,736	3,074,473	14,732,337
Expenditures					
Current:					
General Government	3,084,801	-	35,162	117,791	3,237,754
Public Safety	3,795,860	1,448,154	-	403,105	5,647,119
Public Health	41,995	-	-	197,583	239,578
Leisure Time Services	309,525	-	-	-	309,525
Community Development	166,578			1,397	167,975
Basic Utility Service	-	-	-	3,550	3,550
Transportation		-	340,867	1,128,121	1,468,988
Capital Outlay	-	4,622	920,441	889,387	1,814,450
Debt Service:					
Principal Retirement	-	-	55,966	32,000	87,966
Interest and Fiscal Charges	-	-	17,259	6,199	23,458
Total Expenditures	7,398,759	1,452,776	1,369,695	2,779,133	13,000,363
Excess of Revenues Over (Under) Expenditures	577,348	512,245	347,041	295,340	1,731,974
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	-	-	71,182	-	71,182
Transfers In	-	-	-	80,000	80,000
Transfers Out	(80,000)	-	-	-	(80,000)
Total Other Financing Sources (Uses)	(80,000)	-	71,182	80,000	71,182
Net Change in Fund Balances	497,348	512,245	418,223	375,340	1,803,156
Fund Balances Beginning of Year	4,954,977	1,410,139	1,497,396	4,974,421	12,836,933
Fund Balances End of Year	$ 5,452,325	$ 1,922,384	$ 1,915,619	$ 5,349,761	$ 14,640,089

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 1,803,156
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 activites, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 755,938	
Current Year Depreciation	(1,594,706)	(838,768)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(22,681)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes Receivable	173,226	
Property Taxes Receivable	(17,215)	
Due From Other Governments	(110,475)	
Accounts Receivable - Ambulance	68,402	
Accounts Receivable - Cemetery	(7,828)	
Special Assessments Receivable	402,070	508,180
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loans	12,932	
Finance Purchase	29,235	
General Obligation Bonds	45,799	87,966
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,010,510	
OPEB	15,589	1,026,099
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.		
Pension	(152,517)	
OPEB	267,537	115,020
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(163,148)	
Asset Retirement Obligation	(900)	(164,048)
Change in Net Position of Governmental Activities		$ 2,514,924

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2022

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	$ 1,507,503	$ 3,893,436	$ 726,964	$ 6,127,903
Accounts Receivable	244,149	458,730	50,794	753,673
Special Assessments Receivable	46,045	-	-	46,045
Prepaid Items	4,106	9,013	-	13,119
Leases Receivable	196,590	38,510	-	235,100
Materials and Supplies Inventory	167,639	38,524	-	206,163
Total Current Assets	2,166,032	4,438,213	777,758	7,382,003
Non-Current Assets:				
Net OPEB Asset	61,290	98,064	-	159,354
Non-Depreciable Capital Assets	727,902	1,496,271	-	2,224,173
Depreciable Capital Assets, Net	15,622,967	23,694,416	247,832	39,565,215
Total Non-Current Assets	16,412,159	25,288,751	247,832	41,948,742
Total Assets	18,578,191	29,726,964	1,025,590	49,330,745
Deferred Outflows of Resources				
Pension	75,791	121,265	-	197,056
Total Deferred Outflows of Resources	75,791	121,265	-	197,056
Liabilities				
Current Liabilities:				
Accounts Payable	4,926	15,026	18,486	38,438
Accrued Wages and Benefits	12,380	22,729	-	35,109
Retainage Payable	-	25,300	-	25,300
Due to Other Governments	7,936	14,483	-	22,419
Matured Compensated Absences Payable	14,237	24,044	-	38,281
Loans Payable	564,896	1,161,944	-	1,726,840
Bonds Payable	15,699	31,301	-	47,000
Total Current Liabilities	620,074	1,294,827	18,486	1,933,387
Long-Term Liabilities:				
Accrued Vacation and Sick - Net of Current Portion	43,313	109,453	-	152,766
Loans Payable - Net of Current Portion	8,953,138	16,094,460	-	25,047,598
Bonds Payable - Net of Current Portion	112,569	224,431	-	337,000
Net Pension Liability	170,067	272,107	-	442,174
Total Long-Term Liabilities	9,279,087	16,700,451	-	25,979,538
Total Liabilities	9,899,161	17,995,278	18,486	27,912,925
Deferred Inflows of Resources				
Pension	214,201	352,214		566,415
OPEB	64,882	110,419		175,301
Leases	195,772	38,198	-	233,970
Total Deferred Inflows of Resources	474,855	500,831	-	975,686
Net Position				
Net Investment in Capital Assets	6,704,568	7,653,251	247,832	14,605,651
Unrestricted	1,575,398	3,698,869	759,272	6,033,539
Total Net Position	$ 8,279,966	$ 11,352,120	$ 1,007,104	$ 20,639,190

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Enterprise			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	$ 2,407,498	$ 3,501,356	$ 488,435	$ 6,397,289
Total Operating Revenues	2,407,498	3,501,356	488,435	6,397,289
Operating Expenses				
Personal Services	319,260	676,040	-	995,300
Contractual Services	809,524	397,375	384,279	1,591,178
Materials and Supplies	52,041	99,376	-	151,417
Administrative Fees	342,128	286,828	60,450	689,406
Depreciation	578,204	850,712	6,943	1,435,859
Total Operating Expenses	2,101,157	2,310,331	451,672	4,863,160
Operating Income	306,341	1,191,025	36,763	1,534,129
Non-Operating Expenses				
Interest	917	972	-	1,889
Interest and Fiscal Charges	(91,978)	(227,972)	-	(319,950)
Total Non-Operating Expenses	(91,061)	(227,000)	-	(318,061)
Income Before Capital Contributions	215,280	964,025	36,763	1,216,068
Capital Contributions	856,062	-	-	856,062
Change in Net Position	1,071,342	964,025	36,763	2,072,130
Net Position Beginning of Year	7,208,624	10,388,095	970,341	18,567,060
Net Position End of Year	$ 8,279,966	$ 11,352,120	$ 1,007,104	$ 20,639,190

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	$ 2,403,006	$ 3,502,625	$ 487,159	$ 6,392,790
Cash Received from Other Operating Receipts	11,511	-		11,511
Cash Payments to Suppliers	(1,207,448)	(802,338)	(445,657)	(2,455,443)
Cash Payments to Employees for Services and Benefits	(488,880)	(898,047)	-	(1,386,927)
Net Cash Provided by Operating Activities	718,189	1,802,240	41,502	2,561,931
Cash Flows from Capital and Related Financing Activities				
Intergovernmental Revenue	856,062	-	-	856,062
Proceeds of Loans	642,150	512,418	-	1,154,568
Acquisition of Capital Assets	(1,673,516)	(910,781)	(24,336)	(2,608,633)
Lease Interest Revenue	917	972	-	1,889
Principal Payments on Debt	(661,486)	(1,214,358)	-	(1,875,844)
Interest Payments on Debt	(139,116)	(438,935)	-	(578,051)
Net Cash Used for Capital and Related Financing Activities	(974,989)	(2,050,684)	(24,336)	(3,050,009)
Net Increase (Decrease) in Cash and Cash Equivalents	(256,800)	(248,444)	17,166	(488,078)
Cash and Cash Equivalents Beginning of Year	1,764,303	4,141,880	709,798	6,615,981
Cash and Cash Equivalents End of Year	$ 1,507,503	$ 3,893,436	$ 726,964	$ 6,127,903
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 306,341	$ 1,191,025	$ 36,763	$ 1,534,129
Adjustments:				
Depreciation	578,204	850,712	6,943	1,435,859
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(3,674)	1,581	(1,276)	(3,369)
Prepaid Items	(574)	(1,030)	-	(1,604)
Materials and Supplies Inventory	9,447	2,156	-	11,603
Special Assessments Receivable	11,511	-	-	11,511
Lease Receivable	23,154	-	-	23,154
Net OPEB Asset	(25,763)	(41,222)	-	(66,985)
Deferred Outflows - Pension/OPEB	(18,486)	(26,910)	-	(45,396)
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(12,400)	(20,197)	(928)	(33,525)
Accrued Wages	(702)	3,822	-	3,120
Due to Other Governments	2,258	5,933	-	8,191
Deferred Inflows - Leases	(24,200)	-	-	(24,200)
Accrued Vacation and Sick Leave	(8,816)	(10,563)	-	(19,379)
Matured Compensated Absences Payable	14,237	24,044	-	38,281
Deferred Inflows - Pension/OPEB	(5,266)	26,220	-	20,954
Net Pension Liability	(127,082)	(203,331)	-	(330,413)
Net Cash Provided by Operating Activities	$ 718,189	$ 1,802,240	$ 41,502	$ 2,561,931

Noncash Capital Financing Activities:

The City purchased $330,657 of capital assets on account in 2021.
The Water fund financed the purchase of capital assets totaling $169,359 in 2022.
The Water fund reported proceeds of $13,548 in OWDA capitalized interest in 2022.
The Sewer fund reported proceeds of $5,762 in OWDA capitalized interest in 2022.

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022

		Custodial
Assets		
Cash and Cash Equivalents in Segregated Accounts	$	130,366
Special Assessments Receivable		1,206,292
Total Assets		1,336,658
Liabilities		
Intergovernmental Payable		1,206,292
Total Liabilities		1,206,292
Net Position		
Restricted for Individuals and Other Governments		130,366
Total Net Position	$	130,366

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

	Custodial
Additions	
Fines & Forfeitures for Other Governments	$ 1,180,088
Special Assessment Collections for Other Governments	82,035
Total Additions	1,262,123
Deductions	
Fines & Forfeitures Distributions to Other Governments	1,165,160
Special Assessment Distributions to Other Governments	82,035
Total Deductions	1,247,195
Change in Net Position	14,928
Net Position Beginning of Year	115,438
Net Position End of Year	$ 130,366

See accompanying notes to the basic financial statements.

NOTE 1 – REPORTING ENTITY

The City of Urbana, Ohio (City) is a political unit incorporated and 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 in 1868, and has a Council-Mayor form of government. The City provides the following services: public safety (police and fire), highways and streets, water, sewer, storm water, recycling, recreation, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus". Under the provisions of GASB Statement No. 14, the City of Urbana is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by generally accepted accounting principles, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the City. There are no blended or discretely presented component units at December 31, 2022.

Jointly Governed Organization

Champaign Countywide Public Safety Communications System Council of Governments

The City entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby Champaign County and the City created the COG for the purpose of operating an enhanced 911 system. The COG contracted with Champaign County to serve as its fiscal agent. Financial information may be obtained by writing to 1512 South Highway 68, Suite A100, Urbana, Ohio 43078.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function program of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the 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 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 of resources is reported as fund balance.

The City reports the following major governmental funds:

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

Police and Fire Levy Fund - To account for the 3/10% income tax for additional patrolmen and firefighters that the General Fund is unable to financially support.

Capital Improvement Fund – To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

The other governmental funds of the City account for grants and other resources, debt service, and capital projects of the City whose uses are restricted to a particular purpose.

Proprietary Funds

The proprietary funds focus on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The City reports the following major proprietary funds:

Water Revenue Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Revenue Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

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 operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for amounts collected and distributed on behalf of individuals or other governments. The City's custodial funds consist of the Champaign County Municipal Court fund and the Urbana Energy Special Improvement District.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the 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 and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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. The enterprise funds and the fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes withheld by employers, sewerage surcharges, investment earnings, fines and forfeitures and state levied locally shared taxes (including motor vehicle fees). 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. Revenues received by the City within 60 days after year-end are deemed to be available. Reimbursements for federally funded grant projects are accrued as revenue at the time the eligible expenditures are made. Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Accordingly, these items are recorded and revenue recognition is deferred until they become available.

All other revenue sources, including licenses and permits, certain charges for services, and non-employer withheld income taxes, are recorded as revenue when received in cash because they generally are not measurable until actually received by the City.

Expenditures/Expenses

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.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. At December 31, 2022, the City has unearned revenue for prepaid income taxes and unspent American Rescue Plan Act (ARPA) grant funding.

Cash and Cash Equivalents and Investments

The City pools cash and investments of various funds to improve investment performance. Each fund's position in the pool is reflected in the participating fund as Pooled Cash and Investments. Interest earnings from cash and investments are allocated to the General Fund, except for funds derived from contract, trust agreement or City ordinance which require crediting otherwise.

For purposes of the statement of cash flows, the City's proprietary funds consider cash equivalents to be pooled cash and investments, cash on hand, demand deposits, and investments.

The City did not have any investments at year end.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements and outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

Notes Receivable

Notes receivable represent the right to receive repayment for a mortgage note made by the City. This note is based upon a written agreement between the City and the note recipient.

Inventory and Prepaid Assets

Inventory is valued at cost (first-in, first-out). In both the governmental and proprietary funds, inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental funds, inventories and prepaid items are offset by nonspendable fund balance to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported in the governmental activities) the City chose to include all such items acquired from January 1, 1980 through the present. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Useful Life (Years)
Land improvements	25
Buildings and improvements	25
Vehicles	3-5
Machinery and equipment	5-20
Infrastructure	25-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes 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. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of net position for pension, other postemployment benefits (OPEB) and asset retirement obligation. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systemic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position will sometimes 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 until that time. For the City, deferred inflows of resources include property taxes, pension, other postemployment benefits (OPEB), leases, 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 on both the government-wide statement of Net Position and governmental fund financial statements. The deferred inflows for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term on the lease.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, grants and entitlements, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on both the government-wide and proprietary statements of net position (See Notes 13 and 14).

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows and deferred inflow of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of 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.

Compensated Absences

Vested vacation and sick leave is recorded as an expense in the government-wide and proprietary fund financial statements in the period in which such leave was earned. In the governmental funds, an expenditure is recorded for only the portion of vested vacation and sick leave that is expected to be liquidated with expendable available resources. Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting* became effective for years beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In accordance with this guidance, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The City may use the following categories:

Nonspendable - resources that cannot be spent because they are not in a spendable form (inventory, prepaids, and advances) or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use the resources created by enabling legislation only for the purposes specified by the legislation.

Committed - resources that can be used only for specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. 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 or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 - resources that are intended to the used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. The finance director is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance are available. The City considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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 City applies restricted resources first, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Principles

For the year ended December 31, 2022, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, a certain provision of GASB Statement No. 93, *Replacement of Interbank Offered Rates,* certain provisions of GASB Statement No. 97*, Component Unit Criteria and Deferred Compensation Plans,* and certain provisions of GASB Statement No. 99*, Omnibus 2022.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the City's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

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

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraph 11b of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of certain provisions of GASB Statement No. 97 (all except paragraphs 4 and 5) did not have an effect on the financial statements of the City.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves 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 certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

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NOTE 3 – FUND BALANCE AND ACCOUNTABILITY

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 the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:					
Inventory	$ 35,973	$ -	$ -	$ 135,577	$ 171,550
Prepaid Items	39,713	-	-	9,139	48,852
Advances	70,500	-	-	470,000	540,500
Total Nonspendable	146,186	-	-	614,716	760,902
Restricted for:					
Capital Projects	-	-	1,915,619	1,703,145	3,618,764
Transportation Programs	-	-	-	490,181	490,181
Public Safety Programs	-	1,922,384	-	313,348	2,235,732
Debt Service	-	-	-	139,276	139,276
Permanent Endowments	-	-	-	96,599	96,599
Public Health	-	-	-	4,970	4,970
Grant Programs	-	-	-	176,187	176,187
Other Purposes	18,015	-	-	168,639	186,654
Total Restricted	18,015	1,922,384	1,915,619	3,092,345	6,948,363
Committed for:					
Transportation Programs	-	-	-	584,412	584,412
Other	-	-	-	9,628	9,628
Total Committed	-	-	-	594,040	594,040
Assigned:					
Encumbrances					
General Government	126,775	-	-	-	126,775
Public Safety	13,846	-	-	-	13,846
Community Development	41,869	-	-	-	41,869
Leisure Time	1,187	-	-	-	1,187
Capital Projects	-	-	-	1,357,348	1,357,348
Total Assigned	183,677	-	-	1,357,348	1,541,025
Unassigned	5,104,447	-	-	(308,688)	4,795,759
Total Fund Balance	$ 5,452,325	$ 1,922,384	$ 1,915,619	$ 5,349,761	$ 14,640,089

Deficit Fund Balances – The following deficit fund balances are primarily the result of accrued liabilities recorded with the application of generally accepted accounting principles. The general fund is responsible for fund deficits; however, transfers are recorded when cash is needed rather than when the accruals occurs.

Fund	Deficit
Other Governmental Funds:	
Neighborhood Curb and Gutter	$ (303,944)
Masuoleum Trust Fund	(4,744)
Total	$ (308,688)

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 can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, 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 obligation or security 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

5. Bonds or 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;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker's 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% of the interim monies available for investment at any one time; and,

8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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

(a) Cash on Hand - At year end, the City had $1,125 in undeposited petty cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and investments".

(b) Deposits with Financial Institutions - At year-end, $1,156,195 of the City's bank balance was covered by federal depository insurance, and the remaining amount was collateralized.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the FDIC or may pledge a single pool of collateral for the benefit of every depositor via the Ohio Pooled Collateral System administered by the Treasurer of State. Specific collateral must equal or exceed 105% of the carrying value of assets, whereas pooled collateral must equal or exceed 102% or lesser amount as determined by the Treasurer of State. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC. The City does not have a policy for custodial credit risk.

(c) Investments - As of December 31, 2022, the City did not have any investments.

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

Credit Risk: The City has no investment policy that would further limit its investment choices.

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

NOTE 5 – NOTES RECEIVABLE

During 2011, the City loaned Sarica/Hughley and Phillips LLC, $950,000, to assist in financing the cost to retain and expand their company within the City. In consideration of the repayment of the note, monthly payments of $4,806 began on July 1, 2011 and continue on the first day of each month until June 1, 2031 when the remaining principal at that time on the note shall become due and payable in full. Sarica/Hughley and Phillips LLC made twelve payments, totaling $45,713 during 2022. At December 31, 2022, the balance of the Sarica/Hughley and Phillips LLC note was $460,272. In addition, the City had Community Development Block Grant loans outstanding at year-end totaling $1,077, for a total notes receivable balance at December 31, 2022 of $461,349.

NOTE 6 – INCOME TAXES

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City of Urbana levies a tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay city income tax on income earned outside the City; net of a credit limited to 1% for income taxes paid to other municipalities. In 1992, the City Council ordered mandatory income tax filing.

The tax rate applied in 2022 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992 and is designated to fund fire and police personnel and capital improvement costs.

Twenty-five percent (25%) of 1% unvoted income tax revenues are required to be used for the purpose of financing capital improvements, including debt service charges on notes and bonds issued for capital improvements. This portion of income tax revenues is distributed to the Capital Improvement Fund from which capital improvements and related debt service charges are financed.

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of the 2021 taxes.

2022 real property taxes were levied after October 1, 2022 on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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 statue permits later payment dates to be established.

Public utility tangible personal property currently 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 which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. The full tax rate for all City operations for the year ended December 31, 2022, was $3.50 per $1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate (Other than Public Utility)	$ 210,787,850
Public Utilities - Real	9,078,940
Total Assessed Value	$ 219,866,790

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2022, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 8 – TAX ABATEMENTS

Community Reinvestment Area

Description – Under the authority of ORC 3735.65 – 3735.70, the City created a Community Reinvestment Area (CRA). Legislation established that the remodeling of existing and construction of new structures within this CRA constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the CRA that will improve property value and potentially bring jobs to the City.

The gross dollar amount for the total abated value of the CRA parcels for 2022, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Phoenix BTS LLC	2018-2032	100	$ 229,370
Weidmann	2018-2032	100	800
			$ 230,170

Enterprise Zone

Description – Under the authority of ORC 5709.61, the City created an Enterprise Zone (EZ) within city limits. Legislation established that the remodeling of existing and construction of new structures within this EZ constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the EZ that will improve property value and bring jobs to the City.

Provisions for recapturing abated taxes - If the owner or lessee materially fails to fulfill its obligation, reimbursement level will be 100 percent (less than year one), 80 percent (year one to year two), 60 percent (year two to year three), 40 percent (year three to year four), and 20 percent (year four to year ten).

The gross dollar amount for the total abated value of the EZ parcel for 2022, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Willow Run Realty and American Pan Company	2013-2022	75	$ 20,460
Columbus Urbana LLC/Memorial Health	2017-2027	100	26,180
Urbana Hotel LLC	2019-2034	100	57,280
			$ 103,920

NOTE 9 – LEASE AGREEMENTS

On February 13, 2006, the City entered into a ground lease agreement with Springfield Cellular Telephone Company, for a portion of space on the City's water tower. The term of the lease is for a period of 5 years. The Agreement has the option to be extended for four additional five year terms. The annual rent payable under the lease, per annum, for the first year is $15,000 and shall increase three percent (3%) annually, effective on each anniversary of the Commencement Date. The City is reporting leases receivable of $196,590 in the business-type funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. Payments are made annually. Interest revenue for the lease during the fiscal year was $4,294.

On November 20, 2020, the City entered into a ground lease agreement with Mark and Harold Dowden, for permission to go onto and use, for agricultural purposes, approximately 272.3 acres of land. The term of the lease is for a period of 3 years. The Agreement has the option to be extended for two additional one year terms. The annual rent payable under the lease, per annum, is $72,503. The City is reporting leases receivable of $38,510 in business-type funds and $169,963 in governmental-type funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. Payments are made bi-annually. Interest revenue for the lease during the fiscal year was $1,889.

A summary of future payments to be received is as follows:

	Governmental Activities	
	Principal	Interest
2023	$ 55,245	$ 3,865
2024	56,643	2,467
2025	58,075	1,035
Total	$ 169,963	$ 7,367

	Business-Type Activities					
	Water		Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 19,821	$ 4,555	$ 12,517	$ 876	$ 32,338	$ 5,431
2024	21,066	4,027	12,834	559	33,900	4,586
2025	22,365	3,467	13,159	234	35,524	3,701
2026	23,720	2,873	-	-	23,720	2,873
2027	25,133	2,244	-	-	25,133	2,244
2028-2032	84,485	2,575	-	-	84,485	2,575
Total	$ 196,590	$ 19,741	$ 38,510	$ 1,669	$ 235,100	$ 21,410

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NOTE 10 – CAPITAL ASSETS

A summary of capital asset activity for governmental activities for the fiscal year follows:

Governmental Activities

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	$ 3,518,111	$ 171,000	$ -	$ -	$ 3,689,111
Construction in Progress	920,959	9,519	(19,981)	(910,497)	-
Total Nondepreciable Assets	4,439,070	180,519	(19,981)	(910,497)	3,689,111
Depreciable Capital Assets					
Building and Improvements	17,505,794	393,611	-	322,051	18,221,456
Vehicles	4,815,963	53,703	(67,091)	-	4,802,575
Machinery and Equipment	1,848,378	128,105	-	-	1,976,483
Infrastructure	22,692,937	-	-	588,446	23,281,383
Total Depreciable Assets	46,863,072	575,419	(67,091)	910,497	48,281,897
Less accumulated depreciation					
Building and Improvements	15,149,401	660,484	-	-	15,809,885
Vehicles	3,599,376	288,995	(64,391)	-	3,823,980
Machinery and Equipment	1,648,881	111,890	-	-	1,760,771
Infrastructure	9,165,405	533,337	-	-	9,698,742
Total accumulated depreciation	29,563,063	1,594,706	(64,391)	-	31,093,378
Depreciable Capital Assets, Net of accumulated depreciation	17,300,009	(1,019,287)	(2,700)	910,497	17,188,519
Total Capital Assets, Net	$ 21,739,079	$ (838,768)	$ (22,681)	$ -	$ 20,877,630

Depreciation expense was charged to the governmental functions as follows:

General Government	$ 482,966
Public Safety	278,003
Transportation	699,611
Health	46,736
Leisure Activities	87,390
Total depreciation expense	$ 1,594,706

A summary of capital asset activity for business-type activities for the fiscal year follows:

Business Type Activities

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Land	$ 1,011,796	$ -	$ -	$ -	$ 1,011,796
Construction in Progress	2,666,694	1,124,667	-	(2,578,984)	1,212,377
Total Nondepreciable Assets	3,678,490	1,124,667	-	(2,578,984)	2,224,173
Depreciable Capital Assets					
Buildings	53,802,841	63,180	-	2,578,984	56,445,005
Vehicles	968,552	92,073	(120,135)	-	940,490
Machinery and Equipment	3,458,457	244,940	(42,962)	-	3,660,435
Infrastructure	18,647,295	947,775	-	-	19,595,070
Total Depreciable Assets	76,877,145	1,347,968	(163,097)	2,578,984	80,641,000
Less accumulated depreciation					
Buildings	32,671,581	809,027	-	-	33,480,608
Vehicles	881,426	104,392	(120,135)	-	865,683
Machinery and Equipment	3,057,080	145,085	(42,962)	-	3,159,203
Infrastructure	3,192,936	377,355	-	-	3,570,291
Total accumulated depreciation	39,803,023	1,435,859	(163,097)	-	41,075,785
Depreciable Assets, Net	37,074,122	(87,891)	-	2,578,984	39,565,215
Total Capital Assets, Net	$40,752,612	$1,036,776	$ -	$ -	$41,789,388

NOTE 11 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2022:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Placements:					
2021 Masoleum Refunding Bonds 2021-2030 1.89%	$ 328,000	$ -	$ (32,000)	$ 296,000	$ 36,000
2018 Real Estate Acquisition Bond 2018-2038 4.39-4.75%	339,423	-	(13,799)	325,624	14,411
Total Direct Placements	667,423	-	(45,799)	621,624	50,411
Direct Borrowings:					
OPWC Loan:					
OPWC Loan - Phoenix Dr (CK11P) 2013-2033, 0%	155,173	-	(12,932)	142,241	12,932
Loans:					
2021 John Deere 85G	90,172	-	(29,235)	60,937	30,049
Total Loans	90,172	-	(29,235)	60,937	30,049
Total Direct Borrowings	245,345	-	(42,167)	203,178	42,981
Other Long-Term Obligations:					
Net Pension Liability	10,024,986	-	(1,433,431)	8,591,555	-
Net OPEB Liability	1,216,335	70,223	-	1,286,558	-
Compensated Absences	1,068,628	382,345	(219,197)	1,231,776	217,118
Asset Retirement Obligation	45,000	-	-	45,000	-
Total Other Long Term Obligations	12,354,949	452,568	(1,652,628)	11,154,889	217,118
Total Governmental Activities	$ 13,267,717	$ 452,568	$ (1,740,594)	$ 11,979,691	$ 310,510

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2022:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Fund:					
Direct Placements:					
2021 Various Purpose-Water 2021-2030 1.49%	$ 143,299	$ -	$ (15,031)	$ 128,268	$ 15,699
Direct Borrowings:					
OPWC Loans:					
OPWC 0% Interest Loan- CK26C	22,312	-	(22,312)	-	-
OPWC 0% Interest Loan Well Field	30,769	-	(4,734)	26,035	4,734
OPWC Well Field, 0%	400,000	-	(50,000)	350,000	50,000
OPWC Utility Extension, 0%	38,215	-	(4,112)	34,103	4,112
OPWC 2013-2033 Water Main, 0%	222,087	-	(19,312)	202,775	19,312
OPWC 2016-2036 Wooddale Amherst, 0%	427,500	-	(28,500)	399,000	28,500
OPWC Monument Square Water Main, 0%	384,370	-	(20,230)	364,140	20,230
Total OPWC Loans	1,525,254	-	(149,200)	1,376,053	126,888
OWDA Loans:					
OWDA 2008-2029 Water System, 3.0%	2,736,806	-	(303,557)	2,433,249	313,842
OWDA 2016-2035 Water Main Replacement	1,945,634	-	(121,719)	1,823,915	124,166
OWDA Water Main Replacement 2020-2040	1,327,184	-	(71,978)	1,255,206	-
OWDA Advanced Metering Replacement Program	1,973,913	655,698	-	2,629,611	-
Total OWDA Loans	7,983,537	655,698	(497,254)	8,141,981	438,008
Other Long-Term Obligations:					
Net Pension Liability	297,149	-	(127,082)	170,067	-
Accrued Vacation and Sick Leave	52,129	24,909	(19,488)	57,550	14,237
Total Other Long-Term Obligations	349,278	24,909	(146,570)	227,617	14,237
Total Water Fund	$ 10,001,368	$ 680,607	$ (808,055)	$ 9,873,919	$ 594,832

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer Fund:					
Direct Placements:					
2021 Various Purpose-Sewer 2021-2030 1.49%	$ 285,701	$ -	$ (29,969)	$ 255,732	$ 31,301
Total Direct Placements	285,701	-	(29,969)	255,732	31,301
Direct Borrowings:					
OPWC Loans:					
OPWC 0% Northwest Sanitary	80,000	-	(10,000)	70,000	10,000
OPWC Utility Extension, 0%	44,028	-	(4,112)	39,916	4,112
OPWC Loan - 0% Powell to Bon Air (CK02W)	214,448	-	(10,722)	203,726	10,722
Total OPWC Loans	338,476	-	(24,834)	313,642	24,834
OWDA Loans:					
OWDA 2013-2035 WPCLF Upgrade Design, 2.57%-2.60%	15,798,982	-	(950,858)	14,848,124	975,452
OWDA 2020-2029 Belt Filter Process Replacement, 2.90%	917,775	-	(103,463)	814,312	106,495
OWDA Sewer Replacement 2022-2031	483,058	-	(47,279)	435,779	-
OWDA Septage Receiving Station Replacement	214,663	518,180	-	732,843	-
Total OWDA Loans	17,414,478	518,180	(1,101,600)	16,831,058	1,081,947
2022 WRF Wheel Loader	-	169,659	(57,955)	111,704	55,163
Total Direct Borrowings	17,752,954	687,839	(1,184,389)	17,256,404	1,161,944
Other Long-Term Obligations:					
Net Pension Liability	475,438	-	(203,331)	272,107	-
Accrued Vacation and Sick Leave	120,016	42,535	(29,054)	133,497	24,044
Total Other Long-Term Obligations	595,454	42,535	(232,385)	405,604	24,044
Total Sewer Fund	$ 18,634,109	$ 730,374	$ (1,446,743)	$ 17,917,740	$ 1,217,289

Accrued vacation and sick leave will be paid with available resources with the appropriate fund that relates to each particular employee. The funds include both governmental and business-type funds.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from both governmental and business-type funds. For additional information related to the net pension liability and net OPEB liability see Note 13 and Note 14.

Direct Placements

In 2018, the City also issued $380,000 in bond anticipation notes through Security National Bank for the purpose of purchasing the building and land located at 225 South Main Street. The notes mature in 2038 and have interest rates ranging from 4.39 to 4.75 percent.

On April 28, 2021 the City issued Various Purpose Refunding Bonds, Series 2021, in the amount of $842,000. The refunding bonds have interest rates ranging from 1.49% to 1.89% and a final maturity of December 1, 2030.

Direct Borrowings

During 2012, the City entered into two loan arrangements through the Ohio Public Works Commission (OPWC) and one loan with the Ohio Water Development Agency (OWDA). The two OPWC loans were to fund the Phoenix Drive ($258,623) and South Main Water Main ($386,239) projects. The OWDA loan was entered into to fund a Waste Water Plant Upgrade project. The OWDA approved a loan in the amount $20,697,045 for the project. An additional $453,388 in capitalized interest was added to the loan balance during construction.

In 2014, the City entered into another loan with the Ohio Water Development Agency (OWDA) to fund a Water Main Replacement project. The OWDA approved a loan in the amount of $2,861,925 for the project. An additional $14,681 in capitalized interest was added to the loan balance during construction.

During 2015, the City entered into a loan arrangement with the OPWC to fund the Wooddale Amherst Phase One Water Replacement Project for $570,000.

During 2018, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a screw press and related construction at the Water Reclamation Facility. The OWDA approved a loan in the amount of $1,254,788 for the project and the City incurred capitalized interest of $5,763.

During 2019, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund the Monument Square Water Main Improvements project. This loan was issued in the amount of $404,600 and will mature in 2040. This loan carries an interest rate of 0 percent.

In 2020, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Water Main, and Sanitary Sewer replacement. These loans have not been finalized. As such, amortizing schedules are not yet available.

In 2021, the City also entered into a financing arrangement with Deere Credit, Inc. to finance the purchase of a 2021 John Deere excavator, totaling $121,918, over a four-year period. Deere Credit, Inc. has a security interest in the equipment. In addition, in the event of default, Deere Credit, Inc. may declare all payments due immediately.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Septage Receiving Station. The OWDA approved a loan in the amount of $941,100 for the project. An additional $3,488 in capitalized interest was added to the loan balance during construction. No amortizing schedule is available and therefore this debt is excluded from the table below.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the Advanced Meter Replacement project. The OWDA approved a loan in the amount of $3,273,270 for the project. An additional $19,454 in capitalized interest was added to the loan balance during construction. No amortizing schedule is available and therefore this debt is excluded from the table below.

In 2021, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC) to fund the Powell to Bon Air Sanitary Sewer project. The OPWC approved a loan in the amount of $214,448 for the project.

In 2022, the City also entered into a financing arrangement KS State Bank to finance the purchase of a 2019 wheel loader, totaling $169,659, over a three-year period. KS State Bank has a security interest in the equipment. In addition, in the event of default, KS State Bank may declare all payments due immediately.

Annual requirements to pay principal and interest on long-term debt of governmental activities at December 31, 2022:

	Governmental Activities					
	Direct Placement		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 50,411	$ 19,732	$ 42,981	$ 1,697	$ 93,392	$ 21,429
2024	49,012	18,450	43,820	860	92,832	19,310
2025	53,717	17,103	12,932	-	66,649	17,103
2026	52,414	15,688	12,932	-	65,346	15,688
2027	51,143	14,278	12,932	-	64,075	14,278
2028-2032	214,841	52,360	64,660	-	279,501	52,360
2033-2037	122,047	23,168	12,921	-	134,968	23,168
2038-2040	28,039	1,002	-	-	28,039	1,002
Total	$ 621,624	$ 161,782	$ 203,178	$ 2,557	$ 824,802	$ 164,339

Annual requirements to pay principal and interest on long-term debt of business-type activities at December 31, 2022:

	Business-Type Activities					
	Direct Placements		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 47,000	$ 5,722	$ 1,726,840	$ 507,612	$ 1,773,840	$ 513,334
2024	50,000	5,021	1,769,700	473,232	1,819,700	478,253
2025	48,000	4,276	1,755,793	427,541	1,803,793	431,817
2026	45,000	3,562	1,799,617	385,361	1,844,617	388,923
2027	47,000	2,892	1,844,661	340,316	1,891,661	343,208
2028-2032	147,000	4,574	8,102,399	1,045,739	8,249,399	1,050,313
2033-2037	-	-	4,618,404	192,554	4,618,404	192,554
2038-2040	-	-	103,586	-	103,586	-
Total	$ 384,000	$ 26,047	$ 21,721,000	$ 3,372,355	$ 22,105,000	$ 3,398,402

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation. For property and casualty coverage, the City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Insurance

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2021 (most recent information available), PEP retained $500,000 for casualty claims and $250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2021 (the most recently available audited financial statements):

Casualty & Property Coverage	2021
Assets	$59,340,305
Liabilities	(17,071,953)
Net Position	$42,268,352

At December 31, 2021, the liabilities above include approximately $15.0 million of estimated incurred claims payable. The assets above also include approximately $13.9 million of unpaid claims to be billed to approximately 589 member governments in the future, as of December 31, 2021. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2022	$194,142
2021	$166,359

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

Withdrawing members have no other future obligation to PEP. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

There has been no reduction in coverage from the prior year. Settled claims did not exceed coverage in any of the last three years.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions – between an employer and its employees — of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents 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 the 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 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's fully funded or unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in 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 14 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $458,542 for 2022. Of this amount, $72,980 is reported as a due to other governments.

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

Plan Description – 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 that 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 after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) 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 under optional plans, 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 3.0 percent 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 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $671,189 for 2022. Of this amount, $95,233 is reported as a due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.019547%	0.117377%	
Prior Measurement Period	0.020067%	0.114801%	
Change in Proportion	-0.000520%	0.002576%	
Proportionate Share of the Net Pension Liability	$ 1,700,668	$ 7,333,061	$ 9,033,729
Pension Expense	$ (363,418)	$ 378,907	$ 15,489

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 86,697	$ 211,443	$ 298,140
Changes of Assumptions	212,667	1,340,166	1,552,833
Changes in Proportionate Share and Differences in Contributions	-	188,659	188,659
City Contributions Subsequent to the Measurement Date	458,542	671,189	1,129,731
Total Deferred Outflows of Resources	$ 757,906	$ 2,411,457	$ 3,169,363
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 37,299	$ 381,217	$ 418,516
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,022,880	1,922,608	3,945,488
Changes in Proportionate Share and Differences in Contributions	82,169	422,993	505,162
Total Deferred Inflows of Resources	$ 2,142,348	$ 2,726,818	$ 4,869,166

$1,129,731 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	$ (331,296)	$ (119,002)	$ (450,298)
2024	(714,235)	(632,358)	(1,346,593)
2025	(475,661)	(256,644)	(732,305)
2026	(321,792)	(144,224)	(466,016)
2027	-	165,678	165,678
Total	$ (1,842,984)	$ (986,550)	$ (2,829,534)

Actuarial Assumptions – OPERS

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

Projections of 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 key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	0.50 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described 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 for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent 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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

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

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 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 City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	$ 4,483,886	$ 1,700,668	$ (615,340)

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 are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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 percent.

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. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

Note: Assumptions are geometric.
* levered 2x

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	$ 10,874,790	$ 7,333,061	$ 4,383,629

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

See Note 13 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

The heath 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 must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. 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 change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members. 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 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2022.

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

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

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

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

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

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

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

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

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 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded. 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 $15,589 for 2022. Of this amount, $2,231 is reported as a due to other governments.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

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

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.019568%	0.1173774%	
Prior Measurement Period	0.019941%	0.1148010%	
Change in Proportion	-0.000373%	0.0025764%	
Proportionate Share of the Net OPEB Liability (Asset)	$ (612,900)	$ 1,286,558	
OPEB Expense	$ (537,935)	$ 104,807	$ (433,128)

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	$ -	$ 58,527	$ 58,527
Changes of Assumptions	-	569,472	569,472
Changes in Proportionate Share and Differences in Contributions	-	86,111	86,111
City Contributions Subsequent to the Measurement Date	-	15,589	15,589
Total Deferred Outflows of Resources	$ -	$ 729,699	$ 729,699
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 92,967	$ 170,034	$ 263,001
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	292,188	116,221	408,409
Changes of Assumptions	248,094	149,427	397,521
Changes in Proportionate Share and Differences in Contributions	15,587	87,241	102,828
Total Deferred Inflows of Resources	$ 648,836	$ 522,923	$ 1,171,759

$15,589 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability (asset) in 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:

Year Ending December 31:	OPERS	OP&F	Total
2023	$ (405,059)	$ 52,683	$ (352,376)
2024	(137,975)	35,428	(102,547)
2025	(63,841)	43,740	(20,101)
2026	(41,961)	5,303	(36,658)
2027	-	23,840	23,840
Thereafter	-	30,193	30,193
Total	$ (648,836)	$ 191,187	$ (457,649)

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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.50 percent, initial 3.50 percent, ultimate in 2034	8.50 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	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 6.0 percent 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) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 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 City's proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's 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 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	$ (360,443)	$ (612,900)	$ (822,443)

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 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	$ (619,523)	$ (612,900)	$ (605,043)

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.

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
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	2.84 Percent
Prior Measurement Date	2.96 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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 percent.

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. 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	- %	- %
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 1.2 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 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate 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 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	$ 1,617,231	$ 1,286,558	$ 1,014,743

NOTE 15 – INTERFUND BALANCES

The Mausoleum Trust Fund received an advance in the amount of $70,500 from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. The Neighborhood Curb, Gutter, and Street Fund received an advance in the amount of $470,000 from Perpetual Investment fund for the purpose of funding the neighborhood program. The advances are not expected to be repaid in the next year.

Interfund advances are as follows:

Fund	Advance In	Advance Out
General Fund	$ -	$ 70,500
Nonmajor Governmental Funds	540,500	470,000
Total	$ 540,500	$ 540,500

NOTE 16 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year were as follows:

	Transfer Out	Transfer In
General Fund	$ 80,000	$ -
Nonmajor Governmental Funds	-	80,000
Total	$ 80,000	$ 80,000

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code.

NOTE 17 – ASSET RETIREMENT OBLIGATIONS

Underground Storage Tanks

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a City classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of $45,000 associated with the City's underground storage tanks was estimated by the City. The remaining useful life of these USTs is 23 years. The City is not aware of any legally required funding or assurance provisions associated with this ARO.

Sewer Assets

Ohio Revised Code (ORC) Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the City would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, while the City is aware of the public safety concerns that would need to be addressed, the cost to address these concerns is not reasonably estimable at this time and therefore an ARO is not recognized in the City's financial statements.

NOTE 18 – CONTINGENT LIABILITIES

The City was a defendant in a few lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exact exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and the City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement or covered by insurance.

NOTE 19 - CONTRACTUAL COMMITMENTS

At calendar year-end, the City had the following outstanding contractual commitments:

Contract	Contract Amount	Amount Outstanding
Booster Station Project	$ 1,859,100	$ 1,859,100
	$ 1,859,100	$ 1,859,100

The outstanding balance noted above represents the difference between the contract amount and total services completed and stored to-date through the end of the year.

NOTE 20 – SUBSEQUENT EVENT

In May 2023, the City entered in a construction contract for South High Street improvements totaling $6.8 million. This project will include federal, state, and local funding.

REQUIRED SUPPLEMENTARY INFORMATION

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Income Taxes	$ 3,535,000	$ 4,135,000	$ 4,799,164	$ 664,164
Property Taxes	520,200	528,800	528,894	94
Other Local Taxes	14,250	20,250	27,666	7,416
Intergovernmental	396,000	465,800	465,612	(188)
Charges for Services	1,183,400	1,264,150	1,235,838	(28,312)
Fines, Licenses, and Permits	657,700	599,400	598,558	(842)
Interest	70,000	52,000	52,242	242
Miscellaneous	152,000	216,100	217,182	1,082
Reimbursements	795,000	795,000	782,955	(12,045)
Total Revenues	7,323,550	8,076,500	8,708,111	631,611
Expenditures:				
Current:				
General Government				
City Council				
Personal Services	87,100	84,047	83,547	500
Supplies, Materials and Other	5,387	8,440	6,857	1,583
Total City Council	92,487	92,487	90,404	2,083
Mayor/Administration				
Personal Services	233,550	241,926	241,791	135
Supplies, Materials and Other	20,562	16,362	15,302	1,060
Total Mayor/Administration	254,112	258,288	257,093	1,195
Municipal Court				
Personal Services	687,150	707,675	707,506	169
Supplies, Materials and Other	105,031	93,806	85,680	8,126
Total Municipal Court	792,181	801,481	793,186	8,295
Engineering				
Personal Services	237,500	265,100	264,522	578
Supplies, Materials and Other	16,329	16,328	14,267	2,061
Total Engineering	253,829	281,428	278,789	2,639
Public Works				
Personal Services	12,830	14,030	13,796	234
Supplies, Materials and Other	162,385	125,185	120,421	4,764
Total Public Works	175,215	139,215	134,217	4,998

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Finance Accounting				
Personal Services	263,250	283,150	283,068	82
Supplies, Materials and Other	30,221	38,371	38,096	275
Total Finance Accounting	293,471	321,521	321,164	357
Finance Income Tax				
Personal Services	120,600	137,025	136,968	57
Supplies, Materials and Other	21,699	23,899	23,756	143
Total Finance Income Tax	142,299	160,924	160,724	200
Finance Utility Billing				
Personal Services	116,300	126,000	125,859	141
Supplies, Materials and Other	67,043	62,543	61,854	689
Total Finance Utility Billing	183,343	188,543	187,713	830
Law Department				
Personal Services	237,200	264,725	264,446	279
Supplies, Materials and Other	10,951	10,951	7,645	3,306
Total Law Department	248,151	275,676	272,091	3,585
Non-Departmental				
Supplies, Materials and Other	393,205	1,200,205	1,204,297	(4,092)
Total Non-Departmental	393,205	1,200,205	1,204,297	(4,092)
Compost and Mulch				
Personal Services	20,505	15,505	14,988	517
Supplies, Materials and Other	1,500	1,500	667	833
Total Compost and Mulch	22,005	17,005	15,655	1,350
Zoning Compliance				
Personal Services	139,575	145,375	145,235	140
Supplies, Materials and Other	28,379	33,529	29,033	4,496
Total Zoning Compliance	167,954	178,904	174,268	4,636
Total General Government	**3,018,252**	**3,915,677**	**3,889,601**	**26,076**
Public Safety				
Code Enforcement				
Supplies, Materials and Other	167	167	-	167
Total Code Enforcement	167	167	-	167
Police Services				
Personal Services	1,616,200	1,525,900	1,523,307	2,593
Supplies, Materials and Other	139,961	153,661	143,496	10,165
Total Police Services	1,756,161	1,679,561	1,666,803	12,758
Fire Services				
Personal Services	1,863,400	2,002,550	1,990,433	12,117
Supplies, Materials and Other	211,599	256,799	241,386	15,413
Total Fire Services	2,074,999	2,259,349	2,231,819	27,530
Total Public Safety	**3,831,327**	**3,939,077**	**3,898,622**	**40,455**

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Public Health				
Supplies, Materials and Other	42,000	42,000	41,995	5
Total Public Health	**42,000**	**42,000**	**41,995**	**5**
Community and Development				
Personal Services	78,300	84,200	83,994	206
Supplies, Materials and Other	89,400	124,900	124,453	447
Total Community Development	**167,700**	**209,100**	**208,447**	**653**
Leisure Time Services				
Recreation Administration				
Personal Services	126,600	136,075	135,518	557
Supplies, Materials and Other	77,877	93,677	89,505	4,172
Total Recreation Administration	204,477	229,752	225,023	4,729
Recreation-Pool				
Supplies, Materials and Other	85,400	88,550	88,512	38
Total Recreation-Pool	85,400	88,550	88,512	38
Total Leisure Time Services	**289,877**	**318,302**	**313,535**	**4,767**
Total Expenditures	**7,349,156**	**8,424,156**	**8,352,200**	**71,956**
Excess of Revenues Under Expenditures	(25,606)	(347,656)	355,911	703,567
Other Financing Uses				
Operating Transfers Out	(80,000)	(80,000)	(80,000)	-
Total Other Financing Uses	(80,000)	(80,000)	(80,000)	-
Net Change in Fund Balance	(105,606)	(427,656)	275,911	703,567
Fund Balance, Beginning	4,322,549	4,322,549	4,322,549	-
Prior Year Encumbrances	106,645	106,645	106,645	-
Fund Balance, Ending	**$ 4,323,588**	**$ 4,001,538**	**$ 4,705,105**	**$ 703,567**

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Police and Fire Levy Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Income Taxes	$ 1,443,000	$ 1,643,000	$ 1,919,666	$ 276,666
Miscellaneous	-	-	271	271
Total Revenues	1,443,000	1,643,000	1,919,937	276,937
Expenditures:				
Current:				
Public Safety				
Personal Services	1,508,300	1,506,690	1,420,542	86,148
Capital Outlay	3,012	4,622	4,622	-
Total Public Safety	1,511,312	1,511,312	1,425,164	86,148
Net Change in Fund Balance	(68,312)	131,688	494,773	363,085
Fund Balance, Beginning	1,342,675	1,342,675	1,342,675	-
Prior Year Encumbrances	3,012	3,012	3,012	-
Fund Balance, Ending	**$ 1,277,375**	**$ 1,477,375**	**$ 1,840,460**	**$ 363,085**

See accompanying notes to the required supplementary information.

NOTE 1 - BUDGETARY PROCESS

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

(1) The City must submit a tax budget of estimated cash receipts and disbursements for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31.

(2) The County Budget Commission certifies its actions by September 1 and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available.

(3) About January 1, the Certificate is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund will not exceed the amount stated in the initial or amended Certificate.

(4) A temporary appropriation measure may be passed to control cash disbursements for the period January 1 through March 31. Before April 1, a permanent appropriation measure must be passed for the period January 1 through December 31. The budget identifies specific expenditure amounts by object for each division within each fund.

(5) Unencumbered appropriations lapse at year end. State Statute provides that no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.

(6) Several City funds are deemed appropriated by local ordinance or City Charter and are therefore exempt from the budget process. The City adopts budgets for the following governmental funds: General Fund, Street, Police and Fire Levy, Airport, Oak Dale Cemetery, Highway, Police and Fire Pension Levy, Coronavirus Relief, American Rescue Plan Act, Supplemental Investment, CDBG Program Income, Cemetery Trust Income, Fire Trust, Police Trust, Capital Improvements, Capital Police & Fire, City Beautification Trust, Parks & Recreation Trust, and Cemetery Improvement Funds.

The Mayor acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures at the object level. Council can amend the budget at functional expense lines, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported within assigned, committed, or restricted fund balance, since they do not constitute expenditures or liabilities.

While reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements. Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).

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

(3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to assigned, committed, or restricted fund balance (GAAP).

(4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Schedule. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

Net Change in Fund Balance

	General Fund	Police & Fire Levy Fund
GAAP Basis	$ 497,348	$ 512,245
Net Adjustment for Revenue Accruals	663,415	(45,084)
Net Adjustment for Expenditure Accruals	(728,380)	29,222
Funds Budgeted Elsewhere	68,589	-
Adjustment for Encumbrances	(225,061)	(1,610)
Budget Basis	$ 275,911	$ 494,773

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Nine Years (1)

	2022	2021	2020	2019
Ohio Public Employees' Retirement System (OPERS)				
City's Proportion of the Net Pension Liability	0.019547%	0.020067%	0.020455%	0.020390%
City's Proportionate Share of the Net Pension Liability	$ 1,700,668	$ 2,971,486	$ 4,043,070	$ 5,584,134
City's Covered Payroll	$ 2,836,793	$ 2,826,300	$ 3,145,663	$ 2,962,869
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	128.53%	188.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%
Ohio Police and Fire Pension Fund (OPF)				
City's Proportion of the Net Pension Liability	0.117377%	0.114801%	0.117922%	0.126582%
City's Proportionate Share of the Net Pension Liability	$ 7,333,061	$ 7,826,087	$ 7,943,862	$ 10,332,436
City's Covered Payroll	$ 2,967,823	$ 2,763,695	$ 2,966,373	$ 2,913,388
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	247.09%	283.17%	267.80%	354.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

'(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2018		2017		2016		2015	2014
	0.019665%		0.020217%		0.019715%		0.020529%	0.020529%
$	3,085,058	$	4,590,938	$	3,414,888	$	2,476,029	$ 2,420,102
$	2,751,560	$	2,781,113	$	2,608,371	$	2,561,683	$ 2,208,115
	111.61%		164.86%		130.72%		96.51%	109.55%
	84.66%		77.25%		81.08%		86.45%	86.36%
	0.123603%		0.125557%		0.135095%		0.144162%	0.144162%
$	7,586,074	$	7,952,654	$	8,690,756	$	7,468,214	$ 7,021,161
$	2,795,416	$	2,616,381	$	2,721,320	$	2,784,088	$ 2,828,327
	271.38%		303.96%		319.36%		268.25%	248.24%
	70.91%		68.36%		66.77%		72.20%	73.00%

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	2022	2021	2020	2019
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 458,542	$ 397,151	$ 395,682	$ 440,393
Contributions in Relation to the Contractually Required Contribution	(458,542)	(397,151)	(395,682)	(440,393)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,275,300	$ 2,836,793	$ 2,826,300	$ 3,145,663
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 671,189	$ 635,502	$ 592,472	$ 635,634
Contributions in Relation to the Contractually Required Contribution	$ (671,189)	$ (635,502)	$ (592,472)	$ (635,634)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,117,799	$ 2,967,823	$ 2,763,695	$ 2,966,373
Contributions as a Percentage of Covered Payroll	21.53%	21.41%	21.44%	21.43%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$ 414,802	$ 357,702	$ 333,734	$ 313,004	$ 307,402	$ 287,055
(414,802)	(357,702)	(333,734)	(313,004)	(307,402)	(287,055)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,962,869	$ 2,751,560	$ 2,781,113	$ 2,608,371	$ 2,561,683	$ 2,208,115
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
$ 626,417	$ 599,842	$ 560,816	$ 582,135	$ 603,310	$ 519,856
$ (626,417)	$ (599,842)	$ (560,816)	$ (582,135)	$ (603,310)	$ (519,856)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,913,388	$ 2,795,416	$ 2,616,381	$ 2,721,320	$ 2,784,088	$ 2,828,327
21.50%	21.46%	21.43%	21.39%	21.67%	18.38%

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Six Years (1)

	2022	2021	2020
Ohio Public Employees' Retirement System (OPERS)			
City's Proportion of the Net OPEB Liability (Asset)	0.019568%	0.019941%	0.020225%
City's Proportionate Share of the Net OPEB Liability (Asset)	$ (612,900)	$ (355,265)	$ 2,793,598
City's Covered Payroll	$ 2,836,793	$ 2,826,300	$ 3,145,663
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-21.61%	-12.57%	88.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%
Ohio Police and Fire Pension Fund (OPF)			
City's Proportion of the Net OPEB Liability	0.117377%	0.114801%	0.117922%
City's Proportionate Share of the Net OPEB Liability	$ 1,286,558	$ 1,216,335	$ 1,164,802
City's Covered Payroll	$ 2,967,823	$ 2,763,695	$ 2,966,373
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.35%	44.01%	39.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	45.42%	47.08%

'(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2019	2018	2017
0.020060%	0.019530%	0.020131%
$ 2,615,481	$ 2,120,922	$ 2,033,400
$ 2,962,869	$ 2,751,560	$ 2,781,113
88.28%	77.08%	73.11%
46.33%	54.14%	54.05%
0.126582%	0.123603%	0.125558%
$ 1,152,723	$ 7,003,173	$ 5,959,934
$ 2,913,388	$ 2,795,416	$ 2,616,381
39.57%	250.52%	227.79%
46.57%	14.13%	18.00%

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	2022	2021	2020	2019
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,275,300	$ 2,836,793	2,826,300	3,145,663
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 15,589	$ 14,839	$ 13,818	$ 14,832
Contributions in Relation to the Contractually Required Contribution	(15,589)	(14,839)	(13,818)	(14,832)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,117,799	$ 2,967,823	$ 2,763,695	$ 2,966,373
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
$ -	$ 27,516	$ 55,622	$ 52,167	$ 51,205	$ 22,081
-	(27,516)	(55,622)	(52,167)	(51,205)	(22,081)
$ -	$ -	$ -	$ -	$ -	$ -
2,962,869	2,751,560	2,781,113	$ 2,608,371	$ 2,561,683	$ 2,208,115
0.00%	1.00%	2.00%	2.00%	2.00%	1.00%
$ 14,567	$ 13,977	$ 13,082	$ 13,607	$ 14,047	$ 99,676
(14,567)	(13,977)	(13,082)	(13,607)	(14,047)	(99,676)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,913,388	$ 2,795,416	$ 2,616,381	$ 2,721,320	$ 2,784,088	$ 2,828,327
0.50%	0.50%	0.50%	0.50%	0.50%	3.52%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Amounts reported incorporate changes in discount rate used in calculating the total pension liability as follows:

	2022	2021	2020	2019	2018
Discount Rate	6.90%	7.20%	7.20%	7.50%	8.00%

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. Wage inflation rate was also reduced from 3.25 percent to 2.75 percent.

Changes in Benefit Terms – OPERS

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.40 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 3.00 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For 2021, the single discount rate changed from 8.00 percent to 7.50 percent.

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Assumption	2022	2021	2020	2019	2018	2017
Discount Rate	6.00%	6.00%	3.16%	3.96%	3.85%	4.23%
Municipal Bond Rate	1.84%	2.00%	2.75%	3.71%	3.31%	n/a
Health Care Cost Trend Rate	5.50%	8.50%	10.50%	10.00%	7.50%	n/a

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2022, the cost of living adjustments decreased from 2.20 percent simple to 2.05 percent simple.

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple.

Changes in Assumptions – OP&F

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Assumption	2022	2021	2020	2019	2018	2017
Discount Rate	2.84%	2.96%	3.56%	4.66%	3.24%	3.79%
Municipal Bond Rate	2.05%	2.12%	2.75%	4.13%	3.16%	n/a

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' 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 Urbana
Champaign County
205 S. Main Street
Urbana, Ohio 43078

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Ohio (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2023.

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

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

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

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 26, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF URBANA

CHAMPAIGN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/29/2023

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