



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF CELINA
MERCER COUNTY
DECEMBER 31, 2023**

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MERCER COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Celina
Mercer County
225 North Main Street
Celina, Ohio 45822

To the City Council:

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

In our opinion, the 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 of Celina, Mercer County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Additional Income Tax Levy, and American Rescue Plan funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 2, 2024

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CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The discussion and analysis of the City of Celina's financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Celina's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's nonmajor funds in a single column. The City's major funds are the General, Additional Income Tax Levy, American Rescue Plan, GO Debt Service, Street Improvement, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2023. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings; streets; electric, water, sewer, and stormwater lines). These factors must be considered when assessing the overall health of the City.

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

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, basic utility services, transportation, and general government activities. These services are primarily funded by property taxes and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, sewer, and stormwater services are reported here.

CITY OF CELINA
Management's Discussion and Analysis
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Unaudited

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, Additional Income Tax Levy, American Rescue Plan, GO Debt Service, Street Improvement, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

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

Proprietary Funds - The City's enterprise funds use the accrual basis of accounting, the same as that used for the business-type activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2023 and 2022.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and Other Assets	\$26,856,069	\$23,973,985	\$32,723,554	\$29,467,199	\$59,579,623	\$53,441,184
Net Pension Asset	18	25	27	34	45	59
Net OPEB Asset	0	334,201	0	522,725	0	856,926
Capital Assets, Net	38,686,532	37,867,517	53,003,420	49,961,894	91,689,952	87,829,411
Total Assets	<u>65,542,619</u>	<u>62,175,728</u>	<u>85,727,001</u>	<u>79,951,852</u>	<u>151,269,620</u>	<u>142,127,580</u>

(continued)

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Deferred Outflows of Resources</u>						
Pension	\$4,133,814	\$2,550,046	\$1,958,051	\$803,096	\$6,091,865	\$3,330,921
OPEB	695,121	631,989	293,261	33,024	988,382	649,906
Total Deferred Outflows of Resources	<u>4,828,935</u>	<u>3,182,035</u>	<u>2,251,312</u>	<u>836,120</u>	<u>7,080,247</u>	<u>3,980,827</u>
<u>Liabilities</u>						
Current and Other Liabilities	485,469	1,810,286	4,825,795	1,882,909	5,311,264	3,693,195
Long-Term Liabilities						
Pension	11,706,143	6,820,535	4,724,514	1,527,478	16,430,657	8,348,013
OPEB	712,508	1,025,298	96,204	0	808,712	1,025,298
Other Amounts	771,559	924,708	4,013,787	5,183,634	4,785,346	6,108,342
Total Liabilities	<u>13,675,679</u>	<u>10,580,827</u>	<u>13,660,300</u>	<u>8,594,021</u>	<u>27,335,979</u>	<u>19,174,848</u>
<u>Deferred Inflows of Resources</u>						
Pension	744,380	3,272,294	165,031	1,850,392	909,411	5,100,465
OPEB	722,971	740,445	32,648	540,081	755,619	1,265,419
Other Amounts	2,138,131	1,767,422	157,395	171,924	2,295,526	1,939,346
Total Deferred Inflows of Resources	<u>3,605,482</u>	<u>5,780,161</u>	<u>355,074</u>	<u>2,562,397</u>	<u>3,960,556</u>	<u>8,305,230</u>
<u>Net Position</u>						
Net Investment in Capital Assets	38,344,120	37,166,573	47,287,002	44,371,915	85,631,122	81,538,488
Restricted	12,197,584	11,063,538	1,250	1,056,235	12,198,834	12,119,773
Unrestricted	2,548,689	766,664	26,674,687	24,203,404	29,223,376	24,970,068
Total Net Position	<u>\$53,090,393</u>	<u>\$48,996,775</u>	<u>\$73,962,939</u>	<u>\$69,631,554</u>	<u>\$127,053,332</u>	<u>\$118,628,329</u>

The net pension liability (asset) and the net OPEB liability reported by the City at December 31, 2023, are reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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

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

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

In accordance with GASB Statements No. 68 and No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall increase in deferred outflows and a decrease in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The increase in the net pension liability and decrease in net OPEB liability, net pension asset, and net OPEB asset represent the City's proportionate share of the unfunded benefits.

CITY OF CELINA
Management's Discussion and Analysis
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For governmental activities, the increase in current and other assets was primarily due to an increase in cash and cash equivalents; generally the result of the increase in earnings from investments, and decreased spending in 2023. The increase in capital assets was mainly due to the completion of several street reconstruction projects, a new sports complex (a capital contribution from outside sources) and playground equipment, which explains the increase in invested in capital assets. The City did adopt an new capitalization threshold from \$1,000 to \$10,000 that minimized the change in capital assets for 2023. The decrease in current and other liabilities was due to a decrease in unearned revenue (ARPA monies received and spent by year end). There was also a change in the liabilities for accounts payable and contracts payable due to the timing of payments made in the prior year. The decrease in other long-term liabilities was primarily scheduled debt retirement.

For business-type activities, the increase in current and other assets was due to an increase in cash and cash equivalents particularly in the electric fund (the City increased electric rates in 2022). Also, materials and supplies inventory increased due to more transformers on hand for the electric fund in 2023. There was also an increase in net capital assets primarily due to the completion of a building for the electric and for infrastructure (replacement of water and storm water lines). The change in current and other liabilities was for the issuance of new bond anticipation notes with American Municipal Powers, Inc (AMP Ohio) and for the new electric building contracts payable due to timing (particularly a payment made to AMP Ohio). The decrease in other long-term liabilities was primarily scheduled debt retirement.

Table 2 reflects the change in net position for 2023 and 2022.

Table 2
Change in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$1,426,411	\$1,263,982	\$32,671,689	\$32,096,671	\$34,098,100	\$33,360,653
Operating Grants, Contributions, and Interest	994,358	874,663	0	0	994,358	874,663
Capital Grants and Contributions	1,876,747	645,585	1,792,832	0	3,669,579	645,585
Total Program Revenues	4,297,516	2,784,230	34,464,521	32,096,671	38,762,037	34,880,901
General Revenues						
Property Taxes	388,785	472,537	0	0	388,785	472,537
Municipal Income Taxes	7,902,641	6,994,970	0	0	7,902,641	6,994,970
Payment in Lieu of Taxes	904,443	866,060	0	0	904,443	866,060
Other Local Taxes	585,342	602,290	0	0	585,342	602,290
Franchise Taxes	79,985	86,306	0	0	79,985	86,306
Grants and Entitlements not Restricted to Specific Programs	482,810	450,044	0	0	482,810	450,044
Investment Earnings and Other						
Interest	1,405,198	(968,658)	515,464	(363,059)	1,920,662	(1,331,717)
Other	77,954	292,809	264,041	165,584	341,995	458,393
Total General Revenues	11,827,158	8,796,358	779,505	(197,475)	12,606,663	8,598,883
Total Revenue	16,124,674	11,580,588	35,244,026	31,899,196	51,368,700	43,479,784

(continued)

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<u>Expenses</u>						
Security of Persons and Property	\$5,612,635	\$4,691,649	\$0	\$0	\$5,612,635	\$4,691,649
Public Health	125,532	121,304	0	0	125,532	121,304
Leisure Time Activities	1,445,417	858,527	0	0	1,445,417	858,527
Community Environment	3,000	19,112	0	0	3,000	19,112
Basic Utility Services	200,670	169,909	0	0	200,670	169,909
Transportation	2,460,046	2,257,141	0	0	2,460,046	2,257,141
General Government	2,888,214	1,612,953	0	0	2,888,214	1,612,953
Interest	13,500	22,820	0	0	13,500	22,820
Electric	0	0	23,593,763	22,355,722	23,593,763	22,355,722
Water	0	0	4,254,942	4,392,701	4,254,942	4,392,701
Sewer	0	0	2,129,277	1,824,467	2,129,277	1,824,467
Stormwater	0	0	216,701	235,808	216,701	235,808
Total Expenses	<u>12,749,014</u>	<u>9,753,415</u>	<u>30,194,683</u>	<u>28,808,698</u>	<u>42,943,697</u>	<u>38,562,113</u>
Excess of Revenues Over						
Expenses Before Transfers	3,375,660	1,827,173	5,049,343	3,090,498	8,425,003	4,917,671
Transfers	<u>717,958</u>	<u>(274,759)</u>	<u>(717,958)</u>	<u>274,759</u>	<u>0</u>	<u>0</u>
Increase in Net Position	4,093,618	1,552,414	4,331,385	3,365,257	8,425,003	4,917,671
Net Position Beginning of Year	<u>48,996,775</u>	<u>47,444,361</u>	<u>69,631,554</u>	<u>66,266,297</u>	<u>118,628,329</u>	<u>113,710,658</u>
Net Position End of Year	<u>\$53,090,393</u>	<u>\$48,996,775</u>	<u>\$73,962,939</u>	<u>\$69,631,554</u>	<u>\$127,053,332</u>	<u>\$118,628,329</u>

For governmental activities, there was a 54 percent increase in program revenues overall. The increase in charges for services was for Opioid settlement monies. The increase in capital grants and contributions was due to capital contribution from outside sources for a new sport complex and playground equipment. There was an increase in general revenues mainly in municipal income taxes (due to a healthy economy in 2023) and investment earnings and other interest revenue which is based on the market value fluctuations of the City's investments. Total revenues increased approximately 39 percent. The increase in expenses was due to police and fire as well as general government operational expenses.

For business-type activities, there was a slight increase in charges for services. There was also an increase in capital grants and contributions for ARPA monies received and spent in water and storm water infrastructure. There was an increase in general revenues mostly due to an increase in investment earnings and other interest revenue which is based on the market value fluctuations (as previously mentioned above). The overall change in expenses was not significant.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Security of Persons and Property	\$5,612,635	\$4,691,649	\$4,929,347	\$4,115,545
Public Health	125,532	121,304	94,839	117,686
Leisure Time Activities	1,445,417	858,527	620,063	533,371
Community Environment	3,000	19,112	(3,232)	21,375
Basic Utility	200,670	169,909	200,670	169,909
Transportation	2,460,046	2,257,141	1,505,500	1,000,354
General Government	2,888,214	1,612,953	1,090,811	988,125
Interest	13,500	22,820	13,500	22,820
Total Expenses	\$12,749,014	\$9,753,415	\$8,451,498	\$6,969,185

General revenues provided for 66 percent of the costs of providing governmental services in 2023 (71 percent in 2022). The City's most significant revenue source is municipal income taxes. In 2023, the cost of the community environment program was offset by investment earnings and other interest revenue. The transportation program receives charges for services in the form of permissive motor vehicle license monies and operating grants in the form of State levied motor vehicle license fees and gas taxes.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Additional Income Tax Levy Fund, American Rescue Plan, the GO Debt Service Fund, Street Improvement Fund, and Tax Increment Financing Fund.

Fund balance increased 38 percent in the General Fund primarily due to more revenues in municipal income taxes and investment earnings and other interest for 2023 (as discussed previously). Note, however the amount that the General Fund transferred to other funds to subsidize their operations was back to comparable amounts that were transferred in 2021.

For the Additional Income Tax Levy Fund, income tax revenues increased slightly from the prior year and overall expenditures did increase slightly for police and fire operations. Fund balance increased approximately 25 percent.

The American Rescue Plan fund was a new fund that was created in 2021 to record activity of federal resource from the American Rescue Plan. Most of resources received were finally spent in 2023 rather than offset to unearned revenue like the prior year.

There was no change in fund balance in the GO Debt Service Fund (transfers from the Tax Increment Financing Fund covered the debt payment for the year).

The increase in fund balance in the Street Improvement Fund is primarily due to transfers from the General Fund to subsidize the funds operation.

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Fund balance increased in the Tax Increment Financing Fund; revenues increased, and expenditures decreased.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, Sewer, and Stormwater funds.

Net position increased 6 percent in the Electric Fund. The City increased the utility rate for electric in 2022. Revenues continued to exceed expenses, thus the increase in net position.

Net position increased 6 percent in the Water Fund. The City increased the utility rate for water starting January 1, 2023. The City also decided to use ARPA monies for various water projects.

Net position increased 9 percent in the Sewer Fund. Revenues continued to exceed expenses. As a result, an increase in net position.

Net position increased 5 percent in the Stormwater fund. Both revenues and expenses were similar to the prior year.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January. The City's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget. The increase in actual revenues from the final budget were largely due to the conservative estimate for municipal income taxes and for interest revenue. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were less than the final budgeted amounts for all programs due to conservative budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2023, was \$38,686,532 and \$53,003,420, respectively (net of accumulated depreciation). This investment in capital assets includes land improvements; construction in progress; buildings; streets; furniture and equipment; vehicles; and electric, water, sewer, and stormwater lines. The most significant additions for governmental activities include street resurfacing projects, a sports complex (donated by outside sources), miscellaneous equipment, and vehicles. Disposals primarily consisted of streets repaved, miscellaneous equipment, and vehicles. For business-type activities, the significant additions included construction for a building for electric, infrastructure improvements, and vehicles. Disposals included infrastructure and equipment. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2023, the City had a number of long-term obligations outstanding including \$430,000 in general obligation bonds, \$91,231 in OPWC loans, \$3,517,997 in OWDA loans, and \$58,268 in leases. Of this amount, \$3,762,509 will be repaid from business-type activities.

CITY OF CELINA
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

In addition to the debt outlined above, the City's long-term obligations also include the net pension/OPEB liability and compensated absences. For further information on the City's debt, refer to Notes 20 to the basic financial statements.

CURRENT ISSUES

On January 23, 2024, the City settled in full the promissory note to American Municipal Power, Inc. (AMP Ohio), originally issued on January 24, 2023 in the amount of \$2,080,000, in which only \$1,938,834 was drawn, in anticipation of AMP Electric System Improvement Bond Anticipation Notes for an electric system project.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Brooke Shinn, Celina City Auditor, 225 N Main Street, Celina, Ohio 45822-1601.

City of Celina
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities*	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$21,790,693	\$24,948,755	\$46,739,448
Cash and Cash Equivalents with Fiscal Agents	0	119,019	119,019
Investments with Fiscal Agent	257,113	0	257,113
Accounts Receivable	64,696	3,711,066	3,775,762
Accrued Interest Receivable	152,551	49,737	202,288
Due from Other Governments	729,465	6,635	736,100
Municipal Income Taxes Receivable	1,068,550	0	1,068,550
Lease Receivable	85,821	157,547	243,368
Internal Balances	47,267	(47,267)	0
Prepaid Items	22,169	45,009	67,178
Materials and Supplies Inventory	56,781	3,733,053	3,789,834
Property Taxes Receivable	1,046,958	0	1,046,958
Payment in Lieu of Taxes Receivable	1,493,388	0	1,493,388
Notes Receivable	40,617	0	40,617
Net Pension Asset	18	27	45
Nondepreciable Capital Assets	14,949,188	1,701,247	16,650,435
Depreciable Capital Assets, Net	23,737,344	51,302,173	75,039,517
Total Assets	65,542,619	85,727,001	151,269,620
<u>Deferred Outflows of Resources</u>			
Pension	4,133,814	1,958,051	6,091,865
OPEB	695,121	293,261	988,382
Total Deferred Outflows of Resources	4,828,935	2,251,312	7,080,247
<u>Liabilities</u>			
Accrued Wages Payable	167,848	106,074	273,922
Accounts Payable	191,598	465,570	657,168
Contracts Payable	7,425	1,580,221	1,587,646
Due to Other Governments	116,551	132,110	248,661
Accrued Interest Payable	2,047	107,117	109,164
Notes Payable	0	1,938,834	1,938,834
Deposits Held and Due to Others	0	495,869	495,869
Long-Term Liabilities			
Due Within One Year	384,883	657,607	1,042,490
Due in More Than One Year	386,676	3,356,180	3,742,856
Net Pension Liability	11,706,143	4,724,514	16,430,657
Net OPEB Liability	712,508	96,204	808,712
Total Liabilities	13,675,679	13,660,300	27,335,979
<u>Deferred Inflows of Resources</u>			
Property Taxes	558,922	0	558,922
Payment in Lieu of Taxes	1,493,388	0	1,493,388
Leases	85,821	157,395	243,216
Pension	744,380	165,031	909,411
OPEB	722,971	32,648	755,619
Total Deferred Inflows of Resources	3,605,482	355,074	3,960,556

(continued)

City of Celina
Statement of Net Position
December 31, 2023
(continued)

	Governmental Activities	Business-Type Activities*	Total
<u>Net Position</u>			
Net Investment in Capital Assets	\$38,344,120	\$47,287,002	\$85,631,122
Restricted for			
Debt Service	31,107	0	31,107
Capital Projects	5,364,422	0	5,364,422
Other Purposes	6,544,177	0	6,544,177
Cemetery			
Expendable	7,860	0	7,860
Nonexpendable	250,000	0	250,000
Revenue Bond Future Debt Service	0	1,223	1,223
Pension Plans	18	27	45
Unrestricted	<u>2,548,689</u>	<u>26,674,687</u>	<u>29,223,376</u>
Total Net Position	<u>\$53,090,393</u>	<u>\$73,962,939</u>	<u>\$127,053,332</u>

*After deferred outflows and deferred inflows related to the change in internal proportionate share of pension related items have been eliminated.

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property	\$5,612,635	\$586,626	\$16,292	\$80,370
Public Health	125,532	21,934	8,759	0
Leisure Time Activities	1,445,417	125,367	0	699,987
Community Environment	3,000	0	6,232	0
Basic Utility Services	200,670	0	0	0
Transportation	2,460,046	125	954,421	0
General Government	2,888,214	692,359	8,654	1,096,390
Interest	13,500	0	0	0
Total Governmental Activities	12,749,014	1,426,411	994,358	1,876,747
<u>Business-Type Activities</u>				
Electric	23,593,763	25,111,075	0	0
Water	4,254,942	4,570,101	0	1,435,605
Sewer	2,129,277	2,653,643	0	0
Stormwater	216,701	336,870	0	357,227
Total Business-Type Activities	30,194,683	32,671,689	0	1,792,832
Total	\$42,943,697	\$34,098,100	\$994,358	\$3,669,579
<u>General Revenues</u>				
Property Taxes Levied for General Purposes				
Property Taxes Levied for Police Pension				
Property Taxes Levied for Fire Pension				
Municipal Income Taxes for General Purposes				
Municipal Income Taxes for Other Purposes				
Payment in Lieu of Taxes				
Other Local Taxes				
Franchise Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Investment Earnings and Other Interest				
Other				
Total General Revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position Beginning of Year				
Net Position End of Year				

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$4,929,347)	\$0	(\$4,929,347)
(94,839)	0	(94,839)
(620,063)	0	(620,063)
3,232	0	3,232
(200,670)	0	(200,670)
(1,505,500)	0	(1,505,500)
(1,090,811)	0	(1,090,811)
(13,500)	0	(13,500)
<u>(8,451,498)</u>	<u>0</u>	<u>(8,451,498)</u>
0	1,517,312	1,517,312
0	1,750,764	1,750,764
0	524,366	524,366
<u>0</u>	<u>477,396</u>	<u>477,396</u>
0	4,269,838	4,269,838
<u>(8,451,498)</u>	<u>4,269,838</u>	<u>(4,181,660)</u>
287,451	0	287,451
50,667	0	50,667
50,667	0	50,667
5,269,091	0	5,269,091
2,633,550	0	2,633,550
904,443	0	904,443
585,342	0	585,342
79,985	0	79,985
482,810	0	482,810
1,405,198	515,464	1,920,662
77,954	264,041	341,995
11,827,158	779,505	12,606,663
<u>717,958</u>	<u>(717,958)</u>	<u>0</u>
<u>12,545,116</u>	<u>61,547</u>	<u>12,606,663</u>
4,093,618	4,331,385	8,425,003
<u>48,996,775</u>	<u>69,631,554</u>	<u>118,628,329</u>
<u>\$53,090,393</u>	<u>\$73,962,939</u>	<u>\$127,053,332</u>

City of Celina
Balance Sheet
Governmental Funds
December 31, 2023

	General	Additional Income Tax Levy	American Rescue Plan	GO Debt Service	Street Improvement
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$4,262,993	\$2,597,152	\$1,563	\$32,607	\$5,340,494
Investments with Fiscal Agent	0	0	0	0	0
Accounts Receivable	31,609	0	0	0	0
Accrued Interest Receivable	144,057	0	0	0	0
Due from Other Governments	280,854	0	0	0	0
Municipal Income Taxes Receivable	713,024	355,526	0	0	0
Interfund Receivable	75,412	0	0	0	0
Lease Receivable	82,859	0	0	0	0
Prepaid Items	22,169	0	0	0	0
Materials and Supplies Inventory	18,655	0	0	0	0
Restricted Assets			0		
Equity in Pooled Cash and Cash Equivalents	45,604	0	0	0	0
Property Taxes Receivable	773,838	0	0	0	0
Payment in Lieu of Taxes Receivable	0	0	0	0	0
Notes Receivable	0	0	0	0	0
Total Assets	\$6,451,074	\$2,952,678	\$1,563	\$32,607	\$5,340,494
<u>Liabilities</u>					
Accrued Wages Payable	\$151,457	\$0	\$0	\$0	\$0
Accounts Payable	162,416	0	0	0	0
Contracts Payable	7,425	0	0	0	0
Due to Other Governments	51,300	0	0	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	372,598	0	0	0	0
<u>Deferred Inflows of Resources</u>					
Property Taxes	413,116	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Leases	82,859	0	0	0	0
Unavailable Revenue	1,016,196	171,602	0	0	0
Total Deferred Inflows of Resources	1,512,171	171,602	0	0	0
<u>Fund Balance</u>					
Nonspendable	86,428	0	0	0	0
Restricted	0	2,781,076	1,563	32,607	0
Committed	300,000	0	0	0	5,340,494
Assigned	146,634	0	0	0	0
Unassigned (Deficit)	4,033,243	0	0	0	0
Total Fund Balance	4,566,305	2,781,076	1,563	32,607	5,340,494
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$6,451,074	\$2,952,678	\$1,563	\$32,607	\$5,340,494

See Accompanying Notes to the Basic Financial Statements

Tax Increment Financing	Other Governmental	Total Governmental Funds
\$4,843,531	\$4,666,749	\$21,745,089
0	257,113	257,113
0	33,087	64,696
0	8,494	152,551
19,570	429,041	729,465
0	0	1,068,550
0	0	75,412
0	2,962	85,821
0	0	22,169
0	38,126	56,781
0	0	45,604
0	273,120	1,046,958
1,493,388	0	1,493,388
0	40,617	40,617
<u>\$6,356,489</u>	<u>\$5,749,309</u>	<u>\$26,884,214</u>
\$0	\$16,391	\$167,848
0	29,182	191,598
0	0	7,425
0	65,251	116,551
0	28,145	28,145
<u>0</u>	<u>138,969</u>	<u>511,567</u>
0	145,806	558,922
1,493,388	0	1,493,388
0	2,962	85,821
19,570	528,579	1,735,947
<u>1,512,958</u>	<u>677,347</u>	<u>3,874,078</u>
0	288,126	374,554
4,843,531	3,595,995	11,254,772
0	1,140,955	6,781,449
0	0	146,634
0	(92,083)	3,941,160
<u>4,843,531</u>	<u>4,932,993</u>	<u>22,498,569</u>
<u>\$6,356,489</u>	<u>\$5,749,309</u>	<u>\$26,884,214</u>

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City of Celina
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2023

Total Governmental Fund Balance		\$22,498,569
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		38,686,532
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	89,920	
Accrued Interest Receivable	86,988	
Due from Other Governments	551,849	
Municipal Income Taxes Receivable	511,204	
Delinquent Property Taxes Receivable	495,986	
		1,735,947
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(2,047)	
General Obligation Bonds Payable	(280,000)	
OPWC Loan Payable	(54,987)	
Compensated Absences Payable	(436,572)	
		(773,606)
The net pension/OPEB liability (asset) is not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	18	
Deferred Outflows - Pension	4,133,814	
Deferred Inflows - Pension	(744,380)	
Net Pension Liability	(11,706,143)	
Deferred Outflows - OPEB	695,121	
Deferred Inflows - OPEB	(722,971)	
Net OPEB Liability	(712,508)	
		(9,057,049)
Net Position of Governmental Activities		\$53,090,393

See Accompanying Notes to the Basic Financial Statements

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

	General	Additional Income Tax Levy	American Rescue Plan	GO Debt Service	Street Improvement
<u>Revenues</u>					
Property Taxes	\$300,955	\$0	\$0	\$0	\$0
Municipal Income Taxes	5,226,434	2,612,739	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Other Local Taxes	585,342	0	0	0	0
Charges for Services	348,923	0	0	0	0
Fees, Licenses, and Permits	83,982	0	0	0	0
Fines, Forfeitures, and Settlements	216,274	0	0	0	0
Intergovernmental	914,659	0	1,096,390	0	0
Investment Earnings and Other Interest	1,348,684	0	23,787	0	0
Leases	171	0	0	0	0
Other	1,703,435	0	0	0	765,000
Total Revenues	10,728,859	2,612,739	1,120,177	0	765,000
<u>Expenditures</u>					
Current:					
Security of Persons and Property	3,760,325	1,295,000	0	0	0
Public Health	92,555	0	0	0	0
Leisure Time Activities	83,413	0	0	0	0
Community Environment	3,000	0	0	0	0
Basic Utility Services	184,065	0	0	0	0
Transportation	198,023	765,000	0	0	1,548,254
General Government	1,703,470	0	1,112,832	0	0
Debt Service:					
Principal Retirement	0	0	0	110,000	0
Interest	0	0	0	6,828	0
Total Expenditures	6,024,851	2,060,000	1,112,832	116,828	1,548,254
Excess of Revenues Over (Under) Expenditures	4,704,008	552,739	7,345	(116,828)	(783,254)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	13,911	0	0	0	0
Transfers In	0	0	0	116,828	1,600,000
Transfers Out	(3,458,588)	0	0	0	0
Total Other Financing Sources (Uses)	(3,444,677)	0	0	116,828	1,600,000
Changes in Fund Balance	1,259,331	552,739	7,345	0	816,746
Fund Balance (Deficit) Beginning of Year	3,306,974	2,228,337	(5,782)	32,607	4,523,748
Fund Balance End of Year	\$4,566,305	\$2,781,076	\$1,563	\$32,607	\$5,340,494

See Accompanying Notes to the Basic Financial Statements

<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$106,100	\$407,055
0	0	7,839,173
904,443	0	904,443
0	0	585,342
0	141,692	490,615
0	0	83,982
0	177,266	393,540
29,644	1,051,586	3,092,279
0	90,860	1,463,331
0	5,734	5,905
0	72,773	2,541,208
<u>934,087</u>	<u>1,646,011</u>	<u>17,806,873</u>
0	981,645	6,036,970
0	32,575	125,130
0	978,808	1,062,221
0	0	3,000
0	0	184,065
168,440	742,360	3,422,077
0	42,416	2,858,718
56,873	0	166,873
8,300	0	15,128
<u>233,613</u>	<u>2,777,804</u>	<u>13,874,182</u>
<u>700,474</u>	<u>(1,131,793)</u>	<u>3,932,691</u>
0	3,933	17,844
6,873	1,851,715	3,575,416
(234,410)	0	(3,692,998)
<u>(227,537)</u>	<u>1,855,648</u>	<u>(99,738)</u>
472,937	723,855	3,832,953
<u>4,370,594</u>	<u>4,209,138</u>	<u>18,665,616</u>
<u>\$4,843,531</u>	<u>\$4,932,993</u>	<u>\$22,498,569</u>

City of Celina
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2023

Changes in Fund Balance - Total Governmental Funds \$3,832,953

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current year.

Capital Outlay - Nondepreciable Capital Assets	1,955,073	
Capital Outlay - Depreciable Capital Assets	310,481	
Capital Contributions	1,350,390	
Depreciation	<u>(2,228,259)</u>	1,387,685

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(17,844)	
Gain on Disposal of Capital Assets	4,113	
Loss on Disposal of Capital Assets	<u>(554,939)</u>	(568,670)

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

Delinquent Property Taxes	(18,270)	
Municipal Income Taxes	63,468	
Charges for Services	(21,629)	
Fees, Licenses, and Permits	(1,877)	
Fines, Forfeitures, and Settlements	33,023	
Intergovernmental	(88,092)	
Investment Earnings and Other Interest	34,075	
Other	<u>913</u>	1,611

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

General Obligation Bonds Payable	160,000	
OPWC Loan Payable	<u>6,873</u>	166,873

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

Pension Expense	(1,504,636)	
OPEB Expense	<u>45,376</u>	(1,459,260)

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

Contractually Required Contributions - Pension	730,703	
Contractually Required Contributions - OPEB	<u>13,819</u>	744,522

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position.

1,628

Compensated absences reported on the statement of net position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(13,724)

Change in Net Position of Governmental Activities \$4,093,618

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$325,703	\$325,703	\$300,955	(\$24,748)
Municipal Income Taxes	4,120,500	4,120,500	5,234,186	1,113,686
Other Local Taxes	615,000	615,000	587,696	(27,304)
Charges for Services	352,570	352,570	348,510	(4,060)
Fees, Licenses, and Permits	100,650	100,650	83,832	(16,818)
Fines, Forfeitures, and Settlements	253,168	253,168	219,005	(34,163)
Intergovernmental	834,922	834,922	901,538	66,616
Leases	3,800	3,800	3,800	0
Interest	260,000	260,000	669,970	409,970
Other	1,250,851	1,250,851	1,715,080	464,229
Total Revenues	8,117,164	8,117,164	10,064,572	1,947,408
<u>Expenditures</u>				
<u>Current:</u>				
Security of Persons and Property	4,141,856	4,197,571	3,756,824	440,747
Public Health	93,851	93,851	92,586	1,265
Leisure Time Activities	94,983	94,983	80,081	14,902
Community Environment	0	3,000	3,000	0
Basic Utility Services	255,045	260,165	187,919	72,246
Transportation	267,410	267,410	191,103	76,307
General Government	1,802,027	1,919,409	1,654,709	264,700
Other	120,000	130,700	25,974	104,726
Total Expenditures	6,775,172	6,967,089	5,992,196	974,893
Excess of Revenues Over Expenditures	1,341,992	1,150,075	4,072,376	2,922,301
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	13,911	13,911	13,911	0
Transfers Out	(961,415)	(3,653,430)	(3,458,588)	194,842
Total Other Financing Sources (Uses)	(947,504)	(3,639,519)	(3,444,677)	194,842
Changes in Fund Balance	394,488	(2,489,444)	627,699	3,117,143
Fund Balance Beginning of Year	4,228,664	4,228,664	4,228,664	0
Prior Year Encumbrances Appropriated	32,668	32,668	32,668	0
Fund Balance End of Year	\$4,655,820	\$1,771,888	\$4,889,031	\$3,117,143

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Additional Income Tax Levy Special Revenue Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Municipal Income Taxes	\$2,060,000	\$2,060,000	\$2,616,557	\$556,557
<u>Expenditures</u>				
Current:				
Security of Persons and Property	1,295,000	1,295,000	1,295,000	0
Transportation	765,000	765,000	765,000	0
Total Expenditures	2,060,000	2,060,000	2,060,000	0
Changes in Fund Balance	0	0	556,557	556,557
Fund Balance Beginning of Year	2,040,595	2,040,595	2,040,595	0
Fund Balance End of Year	<u>\$2,040,595</u>	<u>\$2,040,595</u>	<u>\$2,597,152</u>	<u>\$556,557</u>

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
American Rescue Plan Special Revenue Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$0	\$8,023	\$8,023	\$0
<u>Expenditures</u>				
Current:				
Capital Outlay	<u>755,605</u>	<u>1,112,832</u>	<u>1,112,832</u>	<u>0</u>
Changes in Fund Balance	(755,605)	(1,104,809)	(1,104,809)	0
Fund Balance Beginning of Year	350,767	350,767	350,767	0
Prior Year Encumbrances Appropriated	<u>755,605</u>	<u>755,605</u>	<u>755,605</u>	<u>0</u>
Fund Balance (Deficit) End of Year	<u><u>\$350,767</u></u>	<u><u>\$1,563</u></u>	<u><u>\$1,563</u></u>	<u><u>\$0</u></u>

See Accompanying Notes to the Basic Financial Statements

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City of Celina
Statement of Fund Net Position
Enterprise Funds
December 31, 2023

	Electric	Water	Sewer	Stormwater	Total
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$11,866,230	\$5,142,376	\$6,747,182	\$695,875	\$24,451,663
Cash and Cash Equivalents with Fiscal Agent	119,019	0	0	0	119,019
Accounts Receivable	2,691,892	621,537	356,670	40,967	3,711,066
Accrued Interest Receivable	0	20,205	29,532	0	49,737
Due from Other Governments	3,049	1,907	1,679	0	6,635
Interfund Receivable	27,328	0	0	0	27,328
Lease Receivable	0	157,547	0	0	157,547
Prepaid Items	21,497	11,756	11,756	0	45,009
Materials and Supplies Inventory	2,707,939	963,615	55,433	6,066	3,733,053
Total Current Assets	17,436,954	6,918,943	7,202,252	742,908	32,301,057
<u>Non-Current Assets</u>					
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	495,869	0	1,223	0	497,092
Net Pension Asset	10	10	7	0	27
Nondepreciable Capital Assets	669,419	441,759	341,322	248,747	1,701,247
Depreciable Capital Assets, Net	16,654,920	25,876,797	4,716,216	4,054,240	51,302,173
Total Non-Current Assets	17,820,218	26,318,566	5,058,768	4,302,987	53,500,539
Total Assets	35,257,172	33,237,509	12,261,020	5,045,895	85,801,596
<u>Deferred Outflows of Resources</u>					
Pension	739,356	738,212	480,599	0	1,958,167
OPEB	110,662	110,574	72,025	0	293,261
Total Deferred Outflows of Resources	850,018	848,786	552,624	0	2,251,428
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	40,068	41,573	24,433	0	106,074
Accounts Payable	200,968	205,775	49,207	9,620	465,570
Contracts Payable	1,435,045	139,901	5,275	0	1,580,221
Compensated Absences Payable	34,728	38,679	21,278	0	94,685
Due to Other Governments	51,877	57,130	23,103	0	132,110
Interfund Payable	48,122	16,018	10,455	0	74,595
Accrued Interest Payable	75,952	31,165	0	0	107,117
Notes Payable	1,938,834	0	0	0	1,938,834
Lease Payable	0	28,523	0	0	28,523
General Obligation Bonds Payable	0	20,000	0	0	20,000
OPWC Loan Payable	0	24,162	0	0	24,162
OWDA Loans Payable	0	490,237	0	0	490,237
Total Current Liabilities	3,825,594	1,093,163	133,751	9,620	5,062,128
<u>Non-Current Liabilities</u>					
Deposits Held and Due to Others	495,869	0	0	0	495,869
Lease Payable	0	29,745	0	0	29,745
General Obligation Bonds Payable	0	130,000	0	0	130,000
Net Pension Liability	1,781,374	1,781,374	1,161,766	0	4,724,514
Net OPEB Liability	36,273	36,274	23,657	0	96,204
OPWC Loan Payable	0	12,082	0	0	12,082
OWDA Loans Payable	0	3,027,760	0	0	3,027,760
Compensated Absences Payable	47,774	68,212	40,607	0	156,593
Total Non-Current Liabilities	2,361,290	5,085,447	1,226,030	0	8,672,767
Total Liabilities	6,186,884	6,178,610	1,359,781	9,620	13,734,895

(continued)

City of Celina
Statement of Fund Net Position
Enterprise Funds
December 31, 2023
(continued)

	Electric	Water	Sewer	Stormwater	Total
<u>Deferred Inflows of Resources</u>					
Leases	\$0	\$157,395	\$0	\$0	\$157,395
Pension	92,613	62,341	10,193	0	165,147
OPEB	12,486	12,309	7,853	0	32,648
Total Deferred Inflows of Resources	<u>105,099</u>	<u>232,045</u>	<u>18,046</u>	<u>0</u>	<u>355,190</u>
<u>Net Position</u>					
Net Investment in Capital Assets	15,378,305	22,552,109	5,053,601	4,302,987	47,287,002
Restricted for					
Revenue Bond Future Debt Service	0	0	1,223	0	1,223
Pension Plans	10	10	7	0	27
Unrestricted	<u>14,436,892</u>	<u>5,123,521</u>	<u>6,380,986</u>	<u>733,288</u>	<u>26,674,687</u>
Total Net Position	<u>\$29,815,207</u>	<u>\$27,675,640</u>	<u>\$11,435,817</u>	<u>\$5,036,275</u>	<u>\$73,962,939</u>

See Accompanying Notes to the Basic Financial Statements

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

	Electric	Water	Sewer	Stormwater	Total
<u>Operating Revenues</u>					
Charges for Services	\$24,735,111	\$4,555,572	\$2,653,643	\$336,870	\$32,281,196
Lease	0	14,529	0	0	14,529
Other	70,435	110,644	82,962	0	264,041
Total Operating Revenues	24,805,546	4,680,745	2,736,605	336,870	32,559,766
<u>Operating Expenses</u>					
Personal Services	1,471,552	1,568,465	934,721	0	3,974,738
Materials and Supplies	20,410,277	1,326,293	811,827	60,262	22,608,659
Other	380,587	154,260	49,381	0	584,228
Depreciation	1,153,762	1,028,570	250,950	152,967	2,586,249
Total Operating Expenses	23,416,178	4,077,588	2,046,879	213,229	29,753,874
Operating Income	1,389,368	603,157	689,726	123,641	2,805,892
<u>Non-Operating Revenues (Expenses)</u>					
Excise Taxes	375,964	0	0	0	375,964
Grants	0	1,435,605	0	357,227	1,792,832
Loss on Disposal of Capital Assets	(101,633)	(711,005)	(75,742)	(375,979)	(1,264,359)
Investment Earnings and Other Interest	0	195,518	319,946	0	515,464
Interest Expense	(75,952)	(72,155)	(6,656)	0	(154,763)
Total Non-Operating Revenues (Expenses)	198,379	847,963	237,548	(18,752)	1,265,138
Income before Transfers and Contributions	1,587,747	1,451,120	927,274	104,889	4,071,030
Transfers In	0	117,582	0	0	117,582
Capital Contributions	0	0	0	142,773	142,773
Changes in Net Position	1,587,747	1,568,702	927,274	247,662	4,331,385
Net Position Beginning of Year	28,227,460	26,106,938	10,508,543	4,788,613	69,631,554
Net Position End of Year	\$29,815,207	\$27,675,640	\$11,435,817	\$5,036,275	\$73,962,939

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2023

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds
Increases (Decreases) in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$24,737,672	\$4,364,891	\$2,546,284	\$338,237	\$31,987,084
Cash Received from Other Revenues	72,058	110,312	82,750	0	265,120
Cash Received from Leases	0	14,529	0	0	14,529
Cash Received from Utility Deposits	110,330	0	0	0	110,330
Cash Payments for Personal Services	(1,438,369)	(1,444,831)	(869,753)	0	(3,752,953)
Cash Payments for Materials and Supplies	(19,512,891)	(1,299,478)	(772,995)	(50,188)	(21,635,552)
Cash Payments for Other Expenses	(380,527)	(193,198)	(62,147)	0	(635,872)
Cash Payments for Deposits Refunded	(109,639)	0	0	0	(109,639)
Net Cash Provided by Operating Activities	3,478,634	1,552,225	924,139	288,049	6,243,047
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash Received from Excise Taxes	375,964	0	0	0	375,964
Transfers In	0	117,582	0	0	117,582
Net Cash Provided by Noncapital Financing Activities	375,964	117,582	0	0	493,546
<u>Cash Flows from Capital and Related Financing Activities</u>					
Capital Grants	0	1,435,605	0	357,227	1,792,832
Principal Paid on General Obligation Bonds	0	(20,000)	0	0	(20,000)
Principal Paid on Mortgage Revenue Bonds	0	0	(630,000)	0	(630,000)
Principal Paid on OPWC Loan	0	(24,162)	0	0	(24,162)
Principal Paid on OWDA Loans	0	(478,415)	0	0	(478,415)
Principal Paid on Leases	0	(27,352)	0	0	(27,352)
Interest Paid on General Obligation Bonds	0	(6,600)	0	0	(6,600)
Interest Paid on Mortgage Revenue Bonds	0	0	(8,378)	0	(8,378)
Interest Paid on OWDA Loans	0	(67,824)	0	0	(67,824)
Interest Paid on Leases	0	(3,666)	0	0	(3,666)
Bond Anticipation Notes Issued	1,938,834	0	0	0	1,938,834
Acquisition of Capital Assets	(3,000,973)	(2,995,096)	(529,625)	(856,133)	(7,381,827)
Net Cash Used for Capital and Related Financing Activities	(1,062,139)	(2,187,510)	(1,168,003)	(498,906)	(4,916,558)
<u>Cash Flows from Investing Activities</u>					
Interest	0	185,777	307,122	0	492,899
Net Cash Provided by Investing Activities	0	185,777	307,122	0	492,899
Net Increase (Decrease) in Cash and Cash Equivalents	2,792,459	(331,926)	63,258	(210,857)	2,312,934
Cash and Cash Equivalents Beginning of Year	9,688,659	5,474,302	6,685,147	906,732	22,754,840
Cash and Cash Equivalents End of Year	<u>\$12,481,118</u>	<u>\$5,142,376</u>	<u>\$6,748,405</u>	<u>\$695,875</u>	<u>\$25,067,774</u>

(continued)

City of Celina
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2023
(continued)

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>					
Operating Income	\$1,389,368	\$603,157	\$689,726	\$123,641	\$2,805,892
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>					
Depreciation	1,153,762	1,028,570	250,950	152,967	2,586,249
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(8,634)	(201,115)	(107,359)	1,367	(315,741)
Increase in Due from Other Governments	(377)	(332)	(212)	0	(921)
Decrease in Interfund Receivable	13,172	10,434	0	0	23,606
Decrease in Prepaid Items	15,521	14,137	8,766	0	38,424
(Increase) Decrease in Materials and Supplies Inventory	(654,662)	(19,130)	15,773	3,942	(654,077)
Decrease in Net Pension Asset	0	4	0	0	4
Increase (Decrease) in Accrued Wages Payable	(35,455)	863	(237)	0	(34,829)
Increase in Accounts Payable	135,840	55,626	23,586	6,132	221,184
Increase in Contracts Payable	1,427,845	0	1,338	0	1,429,183
Increase (Decrease) in Due to Other Governments	677	(39,081)	(9,602)	0	(48,006)
Decrease in Interfund Payable	(12,765)	(9,023)	(4,888)	0	(26,676)
Increase in Deposits Held and Due to Others	691	0	0	0	691
Increase in Compensated Absences Payable	4,158	3,581	2,343	0	10,082
Increase in Net Pension Liability	63,247	57,560	31,851	0	152,658
Decrease in Net OPEB Liability	(953)	(991)	(686)	0	(2,630)
Decrease in Deferred Outflows - Pension	365,123	387,291	235,236	0	987,650
Decrease in Deferred Outflows - OPEB	77,096	93,205	50,005	0	220,306
Decrease in Deferred Inflows - Pension	(316,456)	(294,814)	(172,315)	0	(783,585)
Decrease in Deferred Inflows - OPEB	(138,564)	(137,717)	(90,136)	0	(366,417)
Net Cash Provided by Operating Activities	<u>\$3,478,634</u>	<u>\$1,552,225</u>	<u>\$924,139</u>	<u>\$288,049</u>	<u>\$6,243,047</u>

Non-Cash Capital Transactions

At December 31, 2023, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$7,200.
At December 31, 2022, the Electric enterprise fund had payables related to the acquisition of capital assets, in the amount of \$605,122.

At December 31, 2023, the Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$3,938.
At December 31, 2022, the Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$15,773.

At December 31, 2023, the Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of \$3,937.
At December 31, 2022, the Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of \$19,224.

At December 31, 2022, the Stormwater enterprise fund had payables related to the acquisition of capital assets, in the amount of \$7,422.
During 2023, the Stormwater enterprise fund accepted the contribution of capital assets from governmental funds, in the amount of \$142,773.

See Accompanying Notes to the Basic Financial Statements

City of Celina
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$19,195
Cash and Cash Equivalents in Segregated Accounts	<u>46,910</u>
Total Assets	66,105
<u>Liabilities</u>	
Due to Other Governments	<u>2,390</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$63,715</u></u>
See Accompanying Notes to the Basic Financial Statements	

City of Celina
Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2023

<u>Additions</u>	
Licenses, Permits, and Fees for Others	\$9,920
Fines and Forfeitures for Other Governments	817,815
Other	168,337
Total Additions	<u>996,072</u>
 <u>Deductions</u>	
Licenses, Permits, and Fees Distributions to Others	8,935
Fines and Forfeitures Distributions to Other Governments	818,120
Distributions to Individuals	172,395
Total Deductions	<u>999,450</u>
Net Decrease in Fiduciary Net Position	(3,378)
Net Position Beginning of Year	<u>67,093</u>
Net Position End of Year	<u><u>\$63,715</u></u>
See Accompanying Notes to the Basic Financial Statements	

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

NOTE 1 - DESCRIPTION OF THE CITY OF CELINA AND THE REPORTING ENTITY

A. The City

The City of Celina is a statutory municipal corporation operating under the laws of the State of Ohio. The City operates under a mayor-council form of government. Legislative power is vested in a seven member council and a council president, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Safety-Service Director, are elected positions. The Safety-Service Director is appointed by the Mayor.

The City of Celina is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, parks and recreation, street maintenance and repair, and electric, water, sewer, and stormwater services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

The primary government of the City of Celina consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City, this includes all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Celina in 2023.

The City of Celina participates in the Mercer County Community Improvement Corporation and the Mercer County Planning Commission, jointly governed organizations; and the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program and the Ohio Plan Risk Management, insurance purchasing pools. These organizations are presented in Notes 23 and 24 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial 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 in nature and those that are considered business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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 following are the City's major governmental funds:

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

Additional Income Tax Levy Fund - The Additional Income Tax Levy Fund accounts for municipal income tax resources restricted for police and fire operations as well as for improvements to streets, curbs, sidewalks, and alleys.

American Rescue Plan Fund – The American Rescue Plan Fund accounts for resources received from the federal government under the American Rescue Plan Act program restricted for costs associated with the City's response and recovery from the COVID-19 pandemic.

GO Debt Service Fund - The GO Debt Service Fund accounts for resources that are restricted for the payment of principal, interest, and fiscal charges on general obligation debt.

Street Improvement Fund - The Street Improvement Fund accounts for transfers and other sources committed for future street repairs and improvements.

Tax Increment Financing Fund - The Tax Increment Financing Fund accounts for payment in lieu of tax revenues restricted for infrastructure and recreational improvements and construction.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

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

Electric Fund - This fund accounts for the provision of electric distribution to residential and commercial users within the City.

Water Fund - This fund accounts for the provision of water collection and distribution to residential and commercial users within the City.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sewer Fund - This fund accounts for the provision of wastewater treatment service to residential and commercial users within the City.

Stormwater Fund - This fund accounts for the operation of the stormwater runoff system within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications; pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. Custodial funds are used to account for traffic fines remitted to the State of Ohio, the activity of the municipal court due to third-parties, and employee deductions not yet remitted to their specific vendors.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects 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, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary and fiduciary funds are accounted for using 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 fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For proprietary funds, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, and investment earnings and other interest.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate sections 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 enterprise funds statements of net position for pension and OPEB and explained in Notes 16 and 17 to the basic financial statements.

In addition to liabilities, the statement of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources consists of property taxes, payment in lieu of taxes, leases, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. The details of these unavailable revenue are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 21. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and enterprise funds statements of net position and explained in Notes 16 and 17 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the City prior to year end.

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

F. Cash and Investments

To improve cash management, cash received by the City, except cash held by fiscal agents, is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately for the City by fiscal agents and held with the City Treasurer are recorded as "Cash and Cash Equivalents with Fiscal Agents".

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2023, the City invested in mutual funds, nonnegotiable and negotiable certificates of deposit, federal agency securities, private export funding corporation securities, United States Treasury securities, municipal bonds, commercial paper, and STAR Ohio. Investments are reported at fair value except for nonnegotiable certificate of deposits which are reported at cost. Fair value is based on quoted market price or current share price. Commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hour advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings and Other Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Investment Earnings and Other Interest revenue credited to the general fund during 2023 amounted to \$1,348,684, which included \$1,165,018 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Utility deposits from customers are classified as restricted assets on the statement of fund net position because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

Other restricted assets in the enterprise funds represent amounts held in trust by the pension plans for future benefits.

J. Capital Assets

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

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land, some land improvements, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	15-40 years	20-30 years
Buildings	10-100 years	20-100 years
Improvements Other than Buildings	20-23 years	N/A
Streets	15 years	N/A
Electric, Water, Sewer, and Stormwater Lines	N/A	1-50 years
Furniture and Equipment	5-20 years	10-20 years
Vehicles	10-25 years	7-25 years
Intangible Assets – Software	5 years	5 years
Intangible Right to Use Lease - Equipment	N/A	10 years

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City is reporting intangible right to use assets related to lease assets. The lease asset includes equipment and represents non financial assets which are being utilized for a period of time through leases from another entity. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

K. Interfund Activity

On fund financial statements, receivables and payables resulting from interfund loans and from interfund services provided and used are classified as “Interfund Receivables/Payables”. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are presented as “Internal Balances”.

Deferred inflows of resources and deferred outflows of resources from the change in proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City’s past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

M. Accrued Liabilities and Long-Term Obligations

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance 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 its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for construction, repair, and maintenance of State highways and local streets, recreation, loans to local businesses, opioid settlement monies, and other revenues restricted for use by the municipal court and police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for the pension plan represents the corresponding restricted asset amounts held in trust the pension plans for future benefits.

O. Leases

The City serves as both lessee and lessor in various non cancellable leases which are accounted for as follows:

Lessee - At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Balance

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

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

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinance).

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 resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (ordinance) of City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance 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 - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. The City Council has authorized the Safety-Service Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated and for an employee wellness program.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, sewer, and stormwater services and lease revenue. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

R. Capital Contributions

Capital contributions arise from contributions of capital assets from outside sources and other funds.

S. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

T. Pension/Other Postemployment Benefits (OPEB)

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND CHANGE IN ESTIMATE

For 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the City's 2023 financial statements. The City did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement No. 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the City also implemented the guidance in GASB's Implementation Guide No. 2021-1, Implementation Guidance Update—2021 (other than question 5.1).

For 2023, the City changed its capitalization threshold from \$1,000 to \$10,000.

NOTE 4 - ACCOUNTABILITY

At December 31, 2023, the Police Pension and Fire Pension special revenue funds and the CDBG capital projects fund had deficit fund balances, in the amount of \$27,496, \$37,297, and \$27,290, respectively. These deficits are the result of recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund, the Additional Income Tax Levy, and the American Rescue Plan special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	General	Additional Income Tax Levy	American Rescue Plan
GAAP Basis	\$1,259,331	\$552,739	\$7,345
<u>Increase (Decrease) Due To</u>			
Revenue Accruals:			
Accrued 2022, Received in Cash 2023	(716,595)	187,742	(1,096,083)
Accrued 2023, Net Yet Received in Cash	49,611	(183,924)	0
Expenditure Accruals:			
Accrued 2022, Paid in Cash 2023	(360,309)	0	0
Accrued 2023, Net Yet Paid in Cash	372,598	0	0
Cash Adjustments:			
Unrecorded Activity 2022	17,033	0	(16,071)
Unrecorded Activity 2023	(14,336)	0	0
Prepaid Items	66,186	0	0
Materials and Supplies	(1,497)	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(44,323)	0	0
Budget Basis	\$627,699	\$556,557	(\$1,104,809)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

6. 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;
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Certain bankers’ acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Investments

As of December 31, 2023, the City had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One Year to Two Years</u>	<u>More Than Two Years</u>
Fair Value - Level One Inputs					
Mutual Funds	\$341,117	\$341,117	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	2,448,884	1,009,108	278,442	229,441	931,893
Federal Agricultural Mortgage Corporation Association Notes	1,137,390	0	0	0	1,137,390
Federal Farm Credit Bank Notes	5,877,347	158,741	1,023,993	1,024,569	3,670,044
Federal Home Loan Bank Notes	7,701,201	706,237	297,656	1,196,765	5,500,543
Federal Home Loan Mortgage Association Notes	1,342,839	0	0	1,342,839	0
Federal National Mortgage Association Notes	4,401,797	0	2,208,070	2,193,727	0

(continued)

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One Year to Two Years</u>	<u>More Than Two Years</u>
Fair Value - Level Two Inputs (continued)					
Municipal Bonds	\$858,426	\$0	\$0	\$0	\$858,426
Private Export Funding Corporation Notes	232,373	0	0	0	232,373
United States Treasury Notes	11,765,389	382,716	577,570	1,805,914	8,999,189
Total Fair Value - Level Two Inputs	35,765,646	2,256,802	4,385,731	7,793,255	21,329,858
Amortized Cost					
Commercial Paper	146,867	146,867	0	0	0
Net Value Per Share					
STAR Ohio	9,603,359	9,603,359	0	0	0
Total Investments	<u>\$45,856,989</u>	<u>\$12,348,145</u>	<u>\$4,385,731</u>	<u>\$7,793,255</u>	<u>\$21,329,858</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2023. The City's mutual funds measured at fair value are valued using quoted market prices (Level 1 inputs). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds, federal agency securities, and U.S. Treasury securities carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of Aaam by Standard and Poor's. The City has no investment policy for credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization and that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization.

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

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the City's total portfolio.

	<u>Value</u>	<u>Portfolio</u>
Negotiable Certificates of Deposit	\$2,448,884	5.34%
Federal Agricultural Mortgage Corporation	1,137,390	2.48
Federal Farm Credit Bank	5,877,347	12.82
Federal Home Loan Bank	7,701,201	16.79
Federal Home Loan Mortgage Corporation	1,342,839	2.93
Federal National Mortgage Association	4,401,797	9.60
Municipal Bonds	858,426	1.87
Private Export Funding Corporation	232,373	0.51
United States Treasury	11,765,389	25.66
Commercial Paper	146,867	0.32

NOTE 7 - RECEIVABLES

Receivables at December 31, 2023, consisted of accounts (billings for user charged services, including unbilled utility services and Opioid settlement monies); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; interfund; leases; property taxes; payment in lieu of taxes; and notes. All receivables are considered collectible in full and within one year, except for the Opioid settlement monies, municipal income taxes, property taxes, leases, and notes. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Notes receivable represents a low interest loan for a development project granted to an eligible City business under the Federal Community Development Block Grant program. The loan has an annual interest rate of 2.41 percent and is to be repaid over twenty years. Principal amount of \$5,269 was repaid during 2023. Notes outstanding at December 31, 2023, were \$40,617. Notes receivable, in the amount of \$35,221, will not be received within one year.

Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$33,087 as an accounts receivable related to opioid settlement monies in the OneOhio Opioid Settlement special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$3,600 expected to be collected in 2024.

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

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Property Tax Allocation	\$25,271
Local Government	166,473
Liquor Tax	25,281
Ohio Attorney General	9,355
Mercer County	35,762
Center Township	15,848
State of Ohio Bureau of Motor Vehicles	<u>2,864</u>
Total General Fund	<u>280,854</u>
Tax Incremental Financing	
Property Tax Allocation	<u>19,570</u>
Total Major Funds	<u>300,424</u>
Nonmajor Funds	
Street Maintenance and Repair	
Gasoline Tax	321,013
Motor Vehicle License Tax	<u>61,538</u>
Total Street Maintenance and Repair	<u>382,551</u>
State Highway	
Gasoline Tax	26,028
Motor Vehicle License Tax	<u>8,980</u>
Total State Highway	<u>35,008</u>
Police Pension	
Property Tax Allocation	<u>4,460</u>
Fire Pension	
Property Tax Allocation	<u>4,460</u>
Permissive Motor Vehicle License	
Permissive Motor Vehicle License	<u>2,211</u>
Indigent Driver	
Indigent Driver	<u>351</u>
Total Nonmajor Funds	<u>429,041</u>
Governmental Activities	<u><u>\$729,465</u></u>

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

NOTE 7 - RECEIVABLES (continued)

	<u>Amount</u>
Business Type Activities	
Major Funds	
Electric	
Mercer County	\$2,338
Ohio Bureau of Workers' Compensation	711
Total Electric	3,049
Water	
Mercer County	1,279
Ohio Bureau of Workers' Compensation	628
Total Water	1,907
Sewer	
Mercer County	1,279
Ohio Bureau of Workers' Compensation	400
Total Sewer	1,679
Total Business Type Activities	\$6,635

Leases Receivable

The City is reporting leases receivable of \$82,859 in the General Fund, \$2,962 in the Cemetery special revenue fund, and \$157,547 in the Water enterprise fund at December 31, 2023. These amounts represent the discounted future lease payments. The discount is being amortized using the interest method. For 2023, the City recognized lease revenue of \$171 and interest revenue of \$3,629 in the General Fund, lease revenue of \$5,734 and interest revenue of \$266 in the Cemetery special revenue fund, and recognized lease revenue of \$14,529 and interest revenue of \$3,391 in the Water enterprise fund related to lease payments received. These lease revenue amounts exclude short-term leases.

A description of the City's lease arrangements is as follows:

House and Land Leases - The City has entered into various lease agreements for house rental and land useage with multiple companies at varying years and terms as follows:

Company	Lease		Lease Ending		Payment Method
	Commencement	Years	Date	Date	
RG Communications	2019	75	2094		Quarterly
St. John Lutheran Church	2020	4	2024		Monthly
T-Mobile	2022	11	2032		Monthly
Wabash Mutual Telephone	2021	5	2025		Monthly

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

NOTE 7 - RECEIVABLES (continued)

A summary of future lease revenue is as follows:

Year	Governmental		Water	
	Principal	Interest	Principal	Interest
2024	\$3,140	\$3,660	\$15,058	\$5,262
2025	186	3,614	17,339	4,714
2026	194	3,606	14,140	4,111
2027	203	3,597	14,638	3,613
2028	212	3,588	17,935	3,053
2029-2033	1,208	17,792	78,285	5,667
2034-2038	1,501	17,499	0	0
2039-2043	1,866	17,134	0	0
2044-2048	2,320	16,680	0	0
2049-2053	2,884	16,116	0	0
2054-2058	3,584	15,416	0	0
2059-2063	4,456	14,544	0	0
2064-2068	5,539	13,461	0	0
2069-2073	6,885	12,115	0	0
2074-2078	8,558	10,442	0	0
2079-2083	10,638	8,362	0	0
2084-2088	13,223	5,777	0	0
2089-2093	16,436	2,563	0	0
2094-2098	2,788	61	0	0
	<u>\$85,821</u>	<u>\$186,027</u>	<u>\$157,395</u>	<u>\$26,420</u>

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the 1 percent of the tax owed. There is no credit allowed on the additional .5 percent tax. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Of the total income tax collected, 1 percent is credited to the General Fund and .5 percent is credited to the Additional Income Tax special revenue fund and used to fund operations of the police and fire departments as well as for various public right-of-way improvements. The additional .5 percent began collections on January 1, 2016, and will be collected for a period of seven years. On May 2, 2022, voters approved to renew the additional .5 percent tax for another seven years beginning January 1, 2023 and ending December 31, 2029.

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

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2023 represent the collection of 2022 taxes. Real property taxes received in 2023 were levied after October 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2023 represent the collection of 2022 taxes. Public utility real and tangible personal property taxes received in 2023 became a lien on December 31, 2021, were levied after October 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Celina. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2023, was \$2.30 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Agricultural/Residential	\$161,840,340
Commercial/Industrial	36,434,680
Public Utility real	22,860
Public Utility Personal	839,070
Total	\$199,136,950

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

NOTE 10 - PAYMENT IN LIEU OF TAXES

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may, therefore, spread the costs of the improvements to a larger number of property owners.

NOTE 11 - CAPITAL ASSETS

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

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$5,707,593	\$0	\$0	\$5,707,593
Land Improvements	7,961,216	0	(28,169)	7,933,047
Construction in Progress	2,494,129	2,624,911	(4,118,967)	1,000,073
Development in Progress	0	308,475	0	308,475
Total Nondepreciable Capital Assets	<u>16,162,938</u>	<u>2,933,386</u>	<u>(4,147,136)</u>	<u>14,949,188</u>
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	4,310,606	26,170	(29,142)	4,307,634
Buildings	4,547,718	725,432	(24,720)	5,248,430
Improvements Other than Buildings	1,430,760	0	(11,515)	1,419,245
Streets	23,227,899	3,708,391	(175,872)	26,760,418
Furniture and Equipment	1,919,527	59,098	(646,789)	1,331,836
Vehicles	6,113,250	177,057	(415,572)	5,874,735
Total Tangible Assets	<u>41,549,760</u>	<u>4,696,148</u>	<u>(1,303,610)</u>	<u>44,942,298</u>
Intangible Assets				
Intangible Asset - Software	0	105,377	0	105,377
Total Depreciable Capital Assets	<u>41,549,760</u>	<u>4,801,525</u>	<u>(1,303,610)</u>	<u>45,047,675</u>

(continued)

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

NOTE 11 - CAPITAL ASSETS (continued)

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Governmental Activities (continued):				
Less Accumulated Depreciation/Amortization for Depreciation				
Land Improvements	(\$1,258,104)	(\$149,360)	\$15,974	(\$1,391,490)
Buildings	(938,206)	(151,242)	13,854	(1,075,594)
Improvements Other than Buildings	(1,227,141)	(40,157)	10,636	(1,256,662)
Streets	(12,215,947)	(1,410,355)	91,122	(13,535,180)
Furniture and Equipment	(1,013,431)	(111,370)	382,617	(742,184)
Vehicles	(3,192,352)	(343,590)	248,906	(3,287,036)
Total Depreciation	<u>(19,845,181)</u>	<u>(2,206,074)</u>	<u>763,109</u>	<u>(21,288,146)</u>
Amortization				
Intangible Assets				
Intangible Asset - Software	0	(22,185)	0	(22,185)
Total Accumulated Depreciation/Amortization	<u>(19,845,181)</u>	<u>(2,228,259)</u>	<u>763,109</u>	<u>(21,310,331)</u>
Total Depreciable Capital Assets, Net	<u>21,704,579</u>	<u>2,573,266</u>	<u>(540,501)</u>	<u>23,737,344</u>
Governmental Activities Capital Assets, Net	<u>\$37,867,517</u>	<u>\$5,506,652</u>	<u>(\$4,687,637)</u>	<u>\$38,686,532</u>

During 2023, governmental activities accepted capital contributions of capital assets from outside sources and business-type activities, in the amounts of \$372,077 and \$978,313, respectively.

	January 1, 2023	Additions	Reductions	December 31, 2023
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$368,946	\$0	\$0	\$368,946
Construction in Progress	2,366,407	4,856,111	(5,890,217)	1,332,301
Total Nondepreciable Capital Assets	<u>2,735,353</u>	<u>4,856,111</u>	<u>(5,890,217)</u>	<u>1,701,247</u>
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	230,099	0	(23,409)	206,690
Buildings	37,462,608	2,247,738	(39,363)	39,670,983
Electric, Water, Sewer, and Stormwater Lines	47,158,604	5,125,083	(1,014,884)	51,268,803
Furniture and Equipment	1,362,101	439,933	(565,095)	1,236,939
Vehicles	4,181,760	57,612	(278,235)	3,961,137
Total Tangible Assets	<u>90,395,172</u>	<u>7,870,366</u>	<u>(1,920,986)</u>	<u>96,344,552</u>

(continued)

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

NOTE 11 - CAPITAL ASSETS (continued)

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Business-Type Activities:				
Depreciable Capital Assets (continued)				
Intangible Assets				
Intangible Asset - Software	\$0	\$55,874	\$0	\$55,874
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	116,638	0	0	116,638
Total Intangible Assets	<u>116,638</u>	<u>55,874</u>	<u>0</u>	<u>172,512</u>
Total Depreciable Capital Assets	<u>90,511,810</u>	<u>7,926,240</u>	<u>(1,920,986)</u>	<u>96,517,064</u>
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(155,294)	(10,334)	14,537	(151,091)
Buildings	(15,580,889)	(880,268)	35,851	(16,425,306)
Electric, Water, Sewer, and Stormwater Lines	(24,670,540)	(1,364,768)	36,571	(25,998,737)
Furniture and Equipment	(841,406)	(92,276)	382,937	(550,745)
Vehicles	(2,025,476)	(215,177)	186,731	(2,053,922)
Total Depreciation	<u>(43,273,605)</u>	<u>(2,562,823)</u>	<u>656,627</u>	<u>(45,179,801)</u>
Amortization				
Intangible Assets				
Intangible Asset - Software	0	(11,762)	0	(11,762)
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	(11,664)	(11,664)	0	(23,328)
Total Intangible Assets	<u>(11,664)</u>	<u>(23,426)</u>	<u>0</u>	<u>(35,090)</u>
Total Accumulated Depreciation/Amortization	<u>(43,285,269)</u>	<u>(2,586,249)</u>	<u>656,627</u>	<u>(45,214,891)</u>
Total Depreciable Capital Assets, Net	<u>47,226,541</u>	<u>5,339,991</u>	<u>(1,264,359)</u>	<u>51,302,173</u>
Business-Type Activities Capital Assets, Net	<u>\$49,961,894</u>	<u>\$10,196,102</u>	<u>(\$7,154,576)</u>	<u>\$53,003,420</u>

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

NOTE 11 - CAPITAL ASSETS (continued)

The value of all right to use lease assets at the end of 2023 was \$116,638 with an accumulated amortization of \$23,328.

During 2023, the Stormwater enterprise fund accepted a contribution of capital assets from other governments, in the amount of \$142,773.

Depreciation expense was charged to governmental functions as follows:

	Depreciation	Amortization
Governmental Activities		
Security of Persons and Property	\$335,999	\$0
Leisure Time Activities	325,007	0
Transportation	1,498,593	0
General Government	46,475	22,185
Total Depreciation Expense - Governmental Activities	\$2,206,074	\$22,185

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2023, the General Fund had an interfund receivable, in the amount of \$75,412; \$27,290 from providing cash flow resources to other governmental funds and \$48,122 from the Electric enterprise fund for the City's portion of the kilowatt hour tax. The entire amount is expected to be repaid within one year.

The Electric enterprise fund had an interfund receivable, in the amount of \$27,328, for services provided by the Electric enterprise fund, in the amount of \$855 to the other governmental funds, in the amount of \$16,018 to the Water enterprise fund, and in the amount of \$10,455 to the Sewer enterprise fund. The entire amount is expected to be repaid within one year.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the City contracted with the Ohio Plan Risk Management, an insurance purchasing pool, for the following coverage:

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

NOTE 13 - RISK MANAGEMENT (continued)

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Property (building and contents)	\$99,750,083	\$2,500-\$10,000
General Liability - Aggregate	8,000,000	0
Public Officials Liability - Aggregate	8,000,000	5,000
Law Enforcement Liability - Aggregate	8,000,000	5,000
Employees Benefit Liability - Aggregate	8,000,000	0
Automobile Liability	6,000,000	0

There has been no significant reduction in insurance coverage from 2022 and no insurance settlement has exceeded insurance coverage during the last three years.

Each participant of Ohio Plan Risk Management enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant. The firm of Hylant Administrative Services provides administrative, cost control, and actuarial services to the Plan.

B. Employee Medical Benefits

The City currently uses Medical Mutual for health insurance, Eye Med for vision insurance, and Superior Dental Care for dental insurance.

C. Workers' Compensation

For 2023, the City participated in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity redistribution" arrangement ensures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to participants that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Program.

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2023:

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

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS (continued)

Vendor	Outstanding Balance
Altec Industries	\$180,101
AMP-Ohio	2,172,011
Birmingham Control Systems	92,990
Buckeye Power Sales	29,560
Bud's Chrysler	44,185
EJ Prescott	118,032
Hoenbrink Excavating	159,487
Jones & Henry Engineers	97,960
LAC Holdings Inc.	58,800
Mercer County Commissioners	101,537
Motorola Solutions	37,254
Ohio Cat	25,000
PAB Construction	613,087
Reed City Power Line Supply	83,483
Sunbelt Soloman Serivces	36,945
T&R Electric Supplies	231,817
Wellman Brothers Inc.	25,000
Total	\$4,107,249

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2024 are as follows:

General Fund	\$44,323
Street Improvement	712,804
Other Governmental Funds	120,954
Total	\$878,081

NOTE 15 - ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) /Net OPEB Liability

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

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

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions 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 unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 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.

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

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>State and Local</u>		<u>Public Safety</u>	<u>Law Enforcement</u>
	<u>Traditional</u>	<u>Combined</u>		
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	<u>0.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City's contractually required contribution was \$567,532 for the traditional plan, \$15 for the combined plan and \$14,520 for the member-directed plan. Of these amounts, \$67,813 is reported as an intergovernmental payable for the traditional plan, \$0 for the combined plan, and \$1,736 for the member-directed plan.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police & Fire Pension Fund (OP&F)

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 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.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$509,358 for 2023. Of this amount, \$63,382 is reported as an intergovernmental payable.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02621900%	0.00001900%	0.09143620%	
Prior Measurement Date	<u>0.02878100%</u>	<u>0.00001500%</u>	<u>0.09354180%</u>	
Change in Proportionate Share	<u>-0.00256200%</u>	<u>0.00000400%</u>	<u>-0.00210560%</u>	
Proportionate Share of the:				
Net Pension Liability	\$7,745,104	\$0	\$8,685,553	\$16,430,657
Net Pension Asset	0	45	0	45
Pension Expense	\$1,106,592	\$4,872	\$1,096,101	\$2,207,565

2023 pension expense for the member-directed defined contribution plan was \$14,520. The aggregate pension expense for all pension plans was \$2,222,085 for 2023.

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

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$257,260	\$3	\$130,279	\$387,542
Changes of assumptions	81,822	3	783,407	865,232
Net difference between projected and actual earnings on pension plan investments	2,207,598	16	1,264,510	3,472,124
Changes in proportion and differences between City contributions and proportionate share of contributions	68,324	27,844	193,894	290,062
City contributions subsequent to the measurement date	<u>567,532</u>	<u>15</u>	<u>509,358</u>	<u>1,076,905</u>
Total Deferred Outflows of Resources	<u>\$3,182,536</u>	<u>\$27,881</u>	<u>\$2,881,448</u>	<u>\$6,091,865</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$6	\$197,883	\$197,889
Changes of assumptions	0	0	169,366	169,366
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>270,523</u>	<u>10</u>	<u>271,623</u>	<u>542,156</u>
Total Deferred Inflows of Resources	<u>\$270,523</u>	<u>\$16</u>	<u>\$638,872</u>	<u>\$909,411</u>

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

\$1,076,905 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability or increase to the net pension asset in 2024. 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 Traditional Plan	OPERS Combined Plan	OP&F	Total
2024	\$184,881	\$4,864	\$159,616	\$349,361
2025	428,360	4,868	408,764	841,992
2026	649,804	4,867	482,157	1,136,828
2027	1,081,436	4,678	721,148	1,807,262
2028	0	4,242	(38,467)	(34,225)
Thereafter	0	4,331	0	4,331
Total	<u>\$2,344,481</u>	<u>\$27,850</u>	<u>\$1,733,218</u>	<u>\$4,105,549</u>

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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real 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, 2022, these best estimates are summarized below:

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the 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 (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$11,601,908	\$7,745,104	\$4,536,936
OPERS Combined Plan	(23)	(45)	(62)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing 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, 2022, are presented below.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustment	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, 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.

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

For 2021, 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.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

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, 2021.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - For 2022, 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$11,457,920	\$8,685,553	\$6,380,884

NOTE 17 - DEFINED BENEFIT OPEB PLANS

See Note 16 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,750 for 2023. Of this amount, \$568 is reported as an intergovernmental payable.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

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.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 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 \$11,965 for 2023. Of this amount, \$1,484 is reported as an intergovernmental payable.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02501300%	0.09143620%	
Prior Measurement Date	<u>0.02735900%</u>	<u>0.09354180%</u>	
Change in Proportionate Share	<u>-0.00234600%</u>	<u>-0.00210560%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$157,713	\$650,999	\$808,712
OPEB Expense	(\$266,936)	\$75,715	(\$191,221)

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$38,848	\$38,848
Changes of assumptions	154,041	324,422	478,463
Net difference between projected and actual earnings on OPEB plan investments	313,221	55,836	369,057
Changes in proportion and differences between City contributions and proportionate share of contributions	8,747	76,552	85,299
City contributions subsequent to the measurement date	<u>4,750</u>	<u>11,965</u>	<u>16,715</u>
Total Deferred Outflows of Resources	<u>\$480,759</u>	<u>\$507,623</u>	<u>\$988,382</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$39,340	\$128,364	\$167,704
Changes of assumptions	12,675	532,464	545,139
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,502</u>	<u>41,274</u>	<u>42,776</u>
Total Deferred Inflows of Resources	<u>\$53,517</u>	<u>\$702,102</u>	<u>\$755,619</u>

\$16,715 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$59,527	\$12,799	\$72,326
2025	113,983	14,739	128,722
2026	97,673	(30,065)	67,608
2027	151,309	(16,974)	134,335
2028	0	(54,928)	(54,928)
Thereafter	<u>0</u>	<u>(132,015)</u>	<u>(132,015)</u>
Total	<u>\$422,492</u>	<u>(\$206,444)</u>	<u>\$216,048</u>

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution 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 15.6 percent for 2022.

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, 2022, these best estimates are summarized in the following table:

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

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate - A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City’s proportionate share of the net OPEB liability (asset)	\$536,779	\$157,713	(\$155,081)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$147,827	\$157,713	\$168,838

Actuarial Assumptions - OP&F

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

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

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, 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.

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

For 2021, 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.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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, 2021.

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

NOTE 17 - DEFINED BENEFIT OPEB PLANS (continued)

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 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, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$801,644	\$650,999	\$523,816

NOTE 18 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Upon retirement, employees are entitled to the value of their accumulated unused sick leave at varying percentages to a maximum of eighty to one hundred twenty days based on City policy and union contracts.

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

NOTE 19 - NOTES PAYABLE

	Interest Rate	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
<u>Business-Type Activities</u>					
General Obligation Bond Anticipation					
Notes from Direct Borrowings					
Enterprise Funds					
Electrical System Improvement	4.00%	\$0	\$1,938,834	\$0	\$1,938,834

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds. All of the City's bond anticipation notes are backed by the full faith and credit of the City of Celina.

Bond anticipation noted in the Electric enterprise fund, in the amount of \$1,938,834, were issued on January 24, 2023, through a direct borrowing with AMP Ohio for a new electrical building. The note matures on January 23, 2024.

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2023, was as follows:

	Interest Rate	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2010 Various Purpose Improvement	2-4%	\$220,000	\$0	\$50,000	\$170,000	\$50,000
General Obligation Bonds from Direct Placements						
Bryson Park Phase Three	4.10	220,000	0	110,000	110,000	110,000
Total General Obligation Bonds		440,000	0	160,000	280,000	160,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		976,584	2,044,006	0	3,020,590	0
Ohio Police and Fire Pension Fund		5,843,951	2,841,602	0	8,685,553	0
Total Net Pension Liability		6,820,535	4,885,608	0	11,706,143	0

(continued)

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<u>Governmental Activities (continued)</u>						
Net OPEB Liability						
Ohio Public Employees Retirement System		\$0	\$61,509	\$0	\$61,509	\$0
Ohio Police and Fire Pension Fund		1,025,298	0	374,299	650,999	0
Total Net OPEB Liability		1,025,298	61,509	374,299	712,508	0
OPWC Loan Payable from Direct Borrowings						
	0	61,860	0	6,873	54,987	6,874
Compensated Absences		422,848	23,812	10,088	436,572	218,009
Total Other Long-Term Obligations		8,330,541	4,970,929	391,260	12,910,210	224,883
Total Governmental Activities		\$8,770,541	\$4,970,929	\$551,260	\$13,190,210	\$384,883
	Interest Rate	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Bonds						
2010 Various Purpose	2-4%	\$170,000	\$0	\$20,000	\$150,000	\$20,000
Mortgage Revenue Bonds						
2011 Wastewater Refunding	2-3.4	630,000	0	630,000	0	0
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		1,527,478	3,197,036	0	4,724,514	0
Net OPEB Liability						
Ohio Public Employees Retirement System		0	96,204	0	96,204	0
OPWC Loan Payable from Direct Borrowings	0	60,406	0	24,162	36,244	24,162
OWDA Loans Payable from Direct Borrowings	3.25-4.99	3,996,412	0	478,415	3,517,997	490,237
Lease Payable	4.2	85,620	0	27,352	58,268	28,523
Compensated Absences		241,196	44,548	34,466	251,278	94,685
Total Other Long Term Obligations		5,911,112	3,337,788	564,395	8,684,505	637,607
Total Business-Type Activities		\$6,711,112	\$3,337,788	\$1,214,395	\$8,834,505	\$657,607

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Governmental Activities General Obligation Bonds

In 2010, the City issued general obligation bonds, in the original amount of \$2,830,000, to retire bond anticipation notes issued for recreational, street, water, sewer, and stormwater improvements. These bonds will fully mature in 2030. The bonds will be paid with transfers from the Tax Incremental Financing capital projects fund and the Water enterprise fund.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2022 through 2023 (with the balance of \$50,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of \$15,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Amount</u>
2025	\$55,000
2026	10,000
2027	10,000
2028	15,000
2029	15,000

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

In 2019, the City issued general obligation bonds through a direct placement, in the amount of \$550,000, for improvements to Bryson Park. The bonds will mature on March 8, 2024. The bonds will be paid from the Tax Incremental Financing capital projects fund.

The bonds maturing on March 8, 2024, are subject to mandatory sinking fund redemption, in part by lot, on March 8, in each of the years 2022 through 2023 (with the balance of \$110,000 to be paid at stated maturity on March 8, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

OPWC Loan Payable

On August 11, 2011, the City obtained an interest free loan from a direct borrowing from the Ohio Public Works Commission, in the original amount of \$137,465, for the construction of Buckeye Street. The loan was issued for a twenty year period, with final maturity in 2031. The loan is to be repaid from the Tax Incremental Financing capital projects fund.

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

In the event of default on the loan, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General’s office for collection and, as provided by law, OPWC may require that the payment be taken from the City’s share of the county undivided local government fund, and (3) the outstanding amount shall, at OPWC’s option, become immediately due and payable.

Business-Type Activities General Obligation Bonds

The general obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment to the extent resources are not available from the applicable enterprise fund to make principal and interest payments. The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In 2010, the City issued general obligation bonds, in the original amount of \$500,000, to retire bond anticipation notes issued for water improvements. These bonds will fully mature in 2030. The bonds will be paid from the Water enterprise fund.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2022 through 2023 (with the balance of \$20,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of \$25,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Amount</u>
2025	\$20,000
2026	20,000
2027	20,000
2028	20,000
2029	25,000

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

Mortgage Revenue Bonds

Mortgage revenue bonds are special obligations of the City secured by a mortgage upon the assets of the sewer system. The bonds are payable solely from the gross revenues of the system after provisions for reasonable operation and maintenance expenses.

In 2011, the City issued \$3,140,000 in Wastewater Refunding bonds to currently refund 1999 Wastewater Refunding bonds and to provide funds to make various improvements to the City’s wastewater system. The refunded bonds were fully retired in 2011.

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

The bond indentures have certain restrictive covenants and principally require that bond reserves be maintained and charges for services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

Fund assets, whose use are restricted under the bond indenture for debt service requirements are presented as restricted assets on the statement of fund net position. Restricted assets relating to the mortgage revenue bond issue were as follows as of December 31, 2023:

	Restricted Assets
Restricted Assets held by City for:	
Revenue Bonds Future Debt Service	\$1,223

The mortgage revenue bonds were fully retired in 2023 solely from the revenues of the Sewer enterprise fund. Principal and interest for the current year and total net revenues were \$638,378 and \$940,676, respectively.

OPWC Loan Payable

On August 26, 2002, the City obtained an interest free loan from a direct borrowing from the Ohio Public Works Commission, in the amount of \$483,243, for the construction of a 1.5 million gallon water tower and the installation of a twenty inch water line. The loan is to be repaid from the Water enterprise fund.

In the event of default on the loan, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General’s office for collection and, as provided by law, OPWC may require that the payment be taken from the City’s share of the county undivided local government fund, and (3) the outstanding amount shall, at OPWC’s option, become immediately due and payable.

The OPWC loan will be paid solely from the net revenues of the Water enterprise fund. Annual principal payments on the loan are expected to require less than 100 percent of these net revenues in future years. The total principal remaining on the OPWC loan is \$36,244. Principal for the current year and total net revenues were \$24,162, and \$1,631,727, respectively.

OWDA Loans Payable

On April 11, 2005, the City obtained a loan from a direct borrowing from the Ohio Water Development Authority, in the amount of \$1,878,426, for the design of the granular activated carbon process. On August 13, 2007, the City increased this loan to include the construction of the granular activated carbon process system. The total loan amount was \$8,542,544.

On June 25, 2015, the City obtained a loan from a direct borrowing from the Ohio Water Development Authority, for the construction of an industrial park water tower. The total amount of the loan was \$2,351,631.

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

In the event of default on the loans, (1) the amount of the default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The OWDA loans are to be repaid from the net revenues of the Water enterprise fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues in future years. The total principal and interest remaining on the OWDA loans are \$3,517,997 and \$168,097, respectively. Principal and interest for the current year and total net revenues were \$546,239 and \$1,631,727, respectively.

Leases

The City has an outstanding agreement to lease equipment. On August 22, 2022, the City entered into lease agreement for the use of equipment, in the amount of \$116,638 for business type activities. The agreement has an interest rate of 4.2 percent. The City is paying the lease in equal annual payments over a four year period.

The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of principal and interest amounts for the remaining lease is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$28,523	\$2,495
2025	29,745	1,274
	<u>\$58,268</u>	<u>\$3,769</u>

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are paid from the General Fund, the Police Pension and Fire Pension special revenue funds, and the Electric, Water, and Sewer enterprise funds. For additional information related to the net pension/OPEB liability, see Notes 16 and 17 to the basic financial statements.

Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds are the General Fund, the Street Construction, Maintenance and Repair, and the Parks and Recreation special revenue funds, and the Electric, Water, and Sewer enterprise funds.

The City's legal debt margin was \$20,541,786 at December 31, 2023.

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of the City's future annual debt service requirements for governmental activities:

General Obligation Bonds		From Direct Placement		From Direct Borrowings
		General Obligation Bonds		OPWC Loan
Principal	Interest	Principal	Interest	Principal
\$50,000	\$6,550	\$110,000	\$2,280	\$6,874
55,000	4,800	0	0	6,873
10,000	2,600	0	0	6,873
10,000	2,200	0	0	6,873
15,000	1,800	0	0	6,873
30,000	1,800	0	0	20,621
<u>\$170,000</u>	<u>\$19,750</u>	<u>\$110,000</u>	<u>\$2,280</u>	<u>\$54,987</u>

The City's future annual debt service requirements payable from the business-type activities are as follows:

Year	2010 Various Purpose		From Direct Borrowings		
	General Obligation Bonds		OPWC Loan	OWDA Loans	
	Principal	Interest	Principal	Principal	Interest
2024	\$20,000	\$5,900	\$24,162	\$490,237	\$56,911
2025	20,000	5,200	12,082	502,445	45,641
2026	20,000	4,400	0	515,055	34,001
2027	20,000	3,600	0	528,078	21,890
2028	20,000	2,800	0	541,528	9,564
2029 to 2034	50,000	3,000	0	587,905	0
2035 to 2036	0	0	0	352,749	0
	<u>\$150,000</u>	<u>\$24,900</u>	<u>\$36,244</u>	<u>\$3,517,997</u>	<u>\$168,007</u>

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

NOTE 21 - FUND BALANCE

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

Fund Balance	General	Additional Income Tax Levy	American Rescue Plan	GO Debt Service	Street Improvement
Nonspendable for:					
Prepaid Items	\$22,169	\$0	\$0	\$0	\$0
Materials and Supplies					
Inventory	18,655	0	0	0	0
Unclaimed Monies	45,604	0	0	0	0
Total Nonspendable	<u>86,428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted for:					
Police and Fire Operations and Street Construction and Maintenance	0	2,781,076	0	0	0
Debt Retirement	0	0	0	32,607	0
Capital Improvements	0	0	1,563	0	0
Total Restricted	<u>0</u>	<u>2,781,076</u>	<u>1,563</u>	<u>32,607</u>	<u>0</u>
Committed to:					
Economic Development	300,000	0	0	0	0
Street Construction and Maintenance	0	0	0	0	5,340,494
Total Committed	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,340,494</u>
Assigned for:					
Wellness Program	103,824	0	0	0	0
Unpaid Obligations	42,810	0	0	0	0
Total Assigned	<u>146,634</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	4,033,243	0	0	0	0
Total Fund Balance	<u>\$4,566,305</u>	<u>\$2,781,076</u>	<u>\$1,563</u>	<u>\$32,607</u>	<u>\$5,340,494</u>

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

NOTE 21 - FUND BALANCE (continued)

<u>Fund Balance</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:			
Prepaid Items	\$0	\$0	\$22,169
Materials and Supplies			
Inventory	0	38,126	56,781
Unclaimed Monies	0	0	45,604
Cemetery	0	250,000	250,000
Total Nonspendable	0	288,126	374,554
Restricted for:			
Street Construction and Maintenance	4,843,531	1,703,264	6,546,795
Capital Improvements	0	496,499	496,499
Cemetery	0	30,038	30,038
Economic Development and Rehabilitation	0	146,470	146,470
Police and Fire Operations	0	46,376	46,376
Street Construction and Maintenance	0	0	2,781,076
Drug Enforcement	0	17,612	17,612
Court Operations	0	1,150,868	1,150,868
Recreation	0	18	18
Debt Retirement	0	0	32,607
Capital Improvements	0	0	1,563
Opioid Settlement	0	4,850	4,850
Total Restricted	4,843,531	3,595,995	11,254,772
Committed to:			
Economic Development	0	0	300,000
Police and Fire Operations	0	723,535	723,535
Recreation	0	417,420	417,420
Street Construction and Maintenance	0	0	5,340,494
Total Committed	0	1,140,955	6,781,449
Assigned for:			
Wellness Program	0	0	103,824
Unpaid Obligations	0	0	42,810
Total Assigned	0	0	146,634
Unassigned (Deficit)	0	(92,083)	3,941,160
Total Fund Balance	\$4,843,531	\$4,932,993	22,498,569

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

NOTE 22 - INTERNAL BALANCES AND TRANSFERS

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the business-type activities column related to pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$116.

During 2023, the General Fund made transfers to the Street Improvement, the Tax Increment Financing Fund and other governmental funds, in the amount of \$1,600,000, \$6,873 and \$1,851,715, respectively, to move receipts as debt payments became due and to subsidize various programs in other funds. The Tax Increment Financing Fund made transfers to the GO Debt Service debt service fund and the Water enterprise fund, in the amounts of \$116,828 and \$117,582, respectively, to move receipts as debt payments became due.

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Community Improvement Corporation

The Mercer County Community Improvement Corporation (Corporation) was designated as an agency of Mercer County for industrial, commercial, distribution, and research development in Mercer County. The seventeen members of the Corporation consist of representatives from the County, the City, and villages within the county, along with additional appointments as established by the bylaws. The Corporation received land in 2013 from the City of Celina, with a value of \$18,300, for the benefit of a company. The Corporation adopts its own budget, authorizes expenditures, hires and fires staff, and currently relies on Mercer County to finance deficits. Financial information can be obtained from the Mercer County Community and Economic Development, Courthouse, Celina, Ohio 45822.

B. Mercer County Planning Commission

The City participates in the Mercer County Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Mercer County, and the municipalities and townships within the County. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services within the County. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

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

NOTE 24 - INSURANCE PURCHASING POOLS

A. Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program

The City is a participant in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program.

B. Ohio Plan Risk Management

The City participates in the Ohio Plan Risk Management (Plan), an insurance purchasing pool consisting of various entities in the State of Ohio. The intent of the Plan is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. Membership in the Plan is by written application subject to the approval of the Plan Manager. Financial information may be obtained from the Ohio Plan Risk Management, 811 Madison Avenue, 11th Floor, P.O. Box 2083, Toledo, Ohio 43603-2083.

NOTE 25 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the City as defendant.

B. Federal and State Grants

For the period January 1, 2023, to December 31, 2023, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 26 - SUBSEQUENT EVENTS

On January 23, 2024, the City approved retiring the outstanding principal amount of AMP Electric System Improvement Bonds Anticipation Notes, in the amount of \$1,938,834.

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

NOTE 27 - COVID-19

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

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

City of Celina
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional
 Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.02621900%	0.02878100%	0.02685600%	0.02695400%
City's Proportionate Share of the Net Pension Liability	\$7,745,104	\$2,504,062	\$3,976,789	\$5,327,641
City's Covered Payroll	\$4,064,300	\$4,149,071	\$3,782,507	\$3,791,721
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.56%	60.35%	105.14%	140.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.02683200%	0.02621500%	0.02574400%	0.02613500%	0.02644500%	0.02644500%
\$7,348,741	\$4,112,626	\$5,846,025	\$4,526,912	\$3,189,562	\$3,117,521
\$3,619,200	\$3,464,223	\$3,327,958	\$3,252,764	\$3,242,133	\$3,119,438
203.05%	118.72%	175.66%	139.17%	98.38%	99.94%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

City of Celina
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Asset
 Ohio Public Employees Retirement System - Combined
 Last Six Years (1)

	2023	2022	2021	2020
City's Proportion of the Net Pension Asset	0.00001900%	0.00001500%	0.01333100%	0.01404000%
City's Proportionate Share of the Net Pension Asset	\$45	\$59	\$38,482	\$29,277
City's Covered Payroll	\$93	\$71	\$58,750	\$62,500
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	48.39%	83.10%	65.50%	46.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

<u>2019</u>	<u>2018</u>
0.02081200%	0.02287000%
\$23,273	\$31,135
\$88,857	\$93,662
26.19%	33.24%
126.64%	137.28%

City of Celina
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund
 Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.09143620%	0.09354180%	0.08945610%	0.09308470%
City's Proportionate Share of the Net Pension Liability	\$8,685,553	\$5,843,951	\$6,098,303	\$6,270,683
City's Covered Payroll	\$2,477,300	\$2,362,829	\$2,155,056	\$2,195,308
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	350.61%	247.33%	282.98%	285.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.09520500%	0.09417900%	0.09086300%	0.09427600%	0.09363010%	0.09363010%
\$7,771,244	\$5,780,190	\$5,755,171	\$6,064,840	\$4,850,430	\$4,560,080
\$2,108,561	\$2,048,843	\$1,929,038	\$1,888,076	\$1,832,511	\$2,122,212
368.56%	282.12%	298.34%	321.22%	264.69%	214.87%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

City of Celina
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
 Ohio Public Employees Retirement System
 Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability (Asset)	0.02501300%	0.02735900%	0.02584800%	0.02594200%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$157,713	(\$856,926)	(\$460,504)	\$3,583,264
City's Covered Payroll	\$4,163,168	\$4,238,492	\$3,909,157	\$3,918,596
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	3.79%	-20.22%	-11.78%	91.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017
0.02612700%	0.03686000%	0.02525000%
\$3,406,343	\$4,002,725	\$2,550,336
\$3,784,107	\$3,614,810	\$3,489,416
90.02%	110.73%	73.09%
46.33%	54.14%	54.04%

City of Celina
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net OPEB Liability
 Ohio Police and Fire Pension Fund
 Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.09143620%	0.09354180%	0.08945610%	0.09308470%
City's Proportionate Share of the Net OPEB Liability	\$650,999	\$1,025,298	\$947,803	\$919,466
City's Covered Payroll	\$2,477,300	\$2,362,829	\$2,155,056	\$2,195,308
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	26.28%	43.39%	43.98%	41.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.40%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.09520500%	0.09417900%	0.09086300%
\$866,987	\$5,336,050	\$4,313,062
\$2,108,561	\$2,048,843	\$1,929,038
41.12%	260.44%	223.59%
46.57%	14.13%	15.96%

City of Celina
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	2023	2022	2021	2020
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$567,532	\$569,002	\$580,870	\$529,551
Contributions in Relation to the Contractually Required Contribution	<u>(567,532)</u>	<u>(569,002)</u>	<u>(580,870)</u>	<u>(529,551)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$4,053,800	\$4,064,300	\$4,149,071	\$3,782,507
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$15	\$13	\$10	\$8,225
Contributions in Relation to the Contractually Required Contribution	<u>(15)</u>	<u>(13)</u>	<u>(10)</u>	<u>(8,225)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$125	\$93	\$71	\$58,750
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>13.98%</u>	<u>14.08%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (1)				
Contractually Required Contribution	\$4,750	\$3,951	\$3,574	\$2,716
Contributions in Relation to the Contractually Required Contribution	<u>(4,750)</u>	<u>(3,951)</u>	<u>(3,574)</u>	<u>(2,716)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$4,199,124	\$4,163,168	\$4,238,492	\$3,909,157
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$530,841	\$506,688	\$450,349	\$399,355	\$390,331	\$389,056
<u>(530,841)</u>	<u>(506,688)</u>	<u>(450,349)</u>	<u>(399,355)</u>	<u>(390,331)</u>	<u>(389,056)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,791,721	\$3,619,200	\$3,464,223	\$3,327,958	\$3,252,764	\$3,242,133
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$8,750	\$12,440	\$12,176	\$12,970	\$8,867	\$8,451
<u>(8,750)</u>	<u>(12,440)</u>	<u>(12,176)</u>	<u>(12,970)</u>	<u>(8,867)</u>	<u>(8,451)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$62,500	\$88,857	\$93,662	\$108,083	\$73,892	\$70,425
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$2,575	\$3,042	\$37,856	\$70,856		
<u>(2,575)</u>	<u>(3,042)</u>	<u>(37,856)</u>	<u>(70,856)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$3,918,596	\$3,784,107	\$3,614,810	\$3,489,416		
<u>0.04%</u>	<u>0.04%</u>	<u>1.02%</u>	<u>2.04%</u>		

City of Celina
 Required Supplementary Information
 Schedule of the City's Contributions
 Ohio Police and Fire Pension Fund
 Last Ten Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	\$509,358	\$526,224	\$504,919	\$461,636
Contributions in Relation to the Contractually Required Contribution	<u>(509,358)</u>	<u>(526,224)</u>	<u>(504,919)</u>	<u>(461,636)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,393,017	\$2,477,300	\$2,362,829	\$2,155,056
Contributions as a Percentage of Covered Payroll	21.29%	21.24%	21.37%	21.42%
Net OPEB Liability				
Contractually Required Contribution	\$11,965	\$12,387	\$11,814	\$10,775
Contributions in Relation to the Contractually Required Contribution	<u>(11,965)</u>	<u>(12,387)</u>	<u>(11,814)</u>	<u>(10,775)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,393,017	\$2,477,300	\$2,362,829	\$2,155,056
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(1) The City's Covered payroll is the same for pension and OPEB.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$467,776	\$449,546	\$435,658	\$411,762	\$403,914	\$391,836
<u>(467,776)</u>	<u>(449,546)</u>	<u>(435,658)</u>	<u>(411,762)</u>	<u>(403,914)</u>	<u>(391,836)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,195,308	\$2,108,561	\$2,048,843	\$1,929,038	\$1,888,076	\$1,832,511
21.31%	21.32%	21.26%	21.35%	21.39%	21.38%
\$10,977	\$10,542	\$10,244	\$9,645	\$9,440	\$9,163
<u>(10,977)</u>	<u>(10,542)</u>	<u>(10,244)</u>	<u>(9,645)</u>	<u>(9,440)</u>	<u>(9,163)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,195,308	\$2,108,561	\$2,048,843	\$1,929,038	\$1,888,075	\$1,832,511
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

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

Changes in Assumptions - OPERS Pension - Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all 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 these tables.

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

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions - OPERS Pension - Combined Plan

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Changes in Assumptions - OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

Prior to 2023, 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

Prior to 2023, 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.

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

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

Changes in Assumptions - OPERS OPEB

Wage Inflation:

2023 and 2022	2.75 percent
2021 and prior	3.25 percent

Projected Salary Increases (including wage inflation):

2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent

Investment Return Assumption:

Beginning in 2019	6.00 percent
2018	6.50 percent

Municipal Bond Rate:

2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent

Single Discount Rate:

2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent

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

Health Care Cost Trend Rate:

2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions - OP&F OPEB

Blended Discount Rate:

2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

Changes in Benefit Terms - OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms - OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Celina
Mercer County
225 North Main Street
Celina, Ohio 45822

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Celina, Mercer County, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.



Keith Faber
Auditor of State
Columbus, Ohio

October 2, 2024



CITY OF CELINA, OHIO

ONE OF THE BEST 100 SMALL TOWNS IN AMERICA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness - Due to an oversight in the major fund calculations, the City's 2022 financial statements did not report the American Rescue Plan Fund as a major fund.	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF CELINA

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/7/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov