CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF CIRCLEVILLE, OHIO

PICKAWAY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Circleville
133 South Court Street
Circleville, Ohio 43113

We have reviewed the *Independent Auditors' Report* of the City of Circleville, Pickaway County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2024

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Circleville, Ohio:

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 Circleville, 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 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 Fund, Safety Forces Tax Fund, and Safety Forces .5% Income Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 required pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 30, 2024

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The discussion and analysis of the City of Circleville's (the "City") financial performance provides an overall review 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 performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2023 are as follows:

- In total, net position increased $2,317,138 from 2022. Net position for governmental activities increased $2,182,078, while net position for business-type activities increased $135,060.

- General revenue accounted for $15,193,699, or 55%, of total revenue. Program specific revenue in the form of charges for services, grants and contributions accounted for $12,273,419, or 45%, of total revenue of $27,467,118.

- The City had $18,158,015 in expenses related to governmental activities. Program revenue of $5,151,265 reduced the net cost of the City's functions to be financed from the City's general revenue to $13,006,750.

- The City's unassigned fund balance in the General Fund was $2,807,110 at year end, or 48% of General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The statement of net position and statement of activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the City as a whole begins with the statement of net position and the statement of activities. These statements provide information that will help the reader to determine if the City is financially better or worse off because of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector companies. All current year revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's net position and changes to that position. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to consider non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

The City maintains several governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the General, Safety Forces Tax, Safety Forces .5% Income Tax, and Capital Improvement .4% Income Tax funds, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation.

Proprietary Funds – There are two types of proprietary funds: enterprise and internal service funds. The City only maintains enterprise funds. The City uses enterprise funds to account for its waterworks and sanitary sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the waterworks and sanitary sewer operations, both of which are considered to be major funds of the City.

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. The table below provides a summary of the City's net position for 2023 compared to 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	$ 17,155,297	$ 14,945,069	$ 8,544,362	$ 8,027,441	$ 25,699,659	$ 22,972,510
Capital assets	31,205,290	31,706,667	44,539,718	30,325,015	75,745,008	62,031,682
Total assets	48,360,587	46,651,736	53,084,080	38,352,456	101,444,667	85,004,192
Total deferred outflows of resources	8,170,065	5,485,556	1,385,082	452,737	9,555,147	5,938,293
Liabilities						
Long-term liabilities:						
Due within one year	1,064,479	1,114,326	585,378	311,202	1,649,857	1,425,528
Net pension liability	17,169,699	9,345,734	2,815,884	810,960	19,985,583	10,156,694
Net OPEB liability	1,020,119	1,386,733	58,369	-	1,078,488	1,386,733
Other long-term liabilities	7,354,144	8,057,107	23,881,155	9,439,669	31,235,299	17,496,776
Current and other liabilities	1,502,371	1,921,887	258,053	252,035	1,760,424	2,173,922
Total liabilities	28,110,812	21,825,787	27,598,839	10,813,866	55,709,651	32,639,653
Total deferred inflows of resources	2,862,198	6,935,941	19,250	1,275,314	2,881,448	8,211,255
Net position						
Net investment in capital assets	23,306,074	23,156,044	20,816,750	20,794,688	44,122,824	43,950,732
Restricted	7,864,085	7,158,349	-	-	7,864,085	7,158,349
Unrestricted (deficit)	(5,612,517)	(6,938,829)	6,034,323	5,921,325	421,806	(1,017,504)
Total net position	$ 25,557,642	$ 23,375,564	$ 26,851,073	$ 26,716,013	$ 52,408,715	$ 50,091,577

The net pension liability is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, and the net other postemployment benefits (OPEB) asset and liability are reported pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, and the net pension and OPEB liabilities to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national 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 liability* or *net OPEB liability*. GASB Statement No. 68 and GASB Statement 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. GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB asset to equal the City's proportionate share of each plan's collective:

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

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

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

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

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement 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 and OPEB liabilities, respectively, not accounted for as deferred inflows/outflows.

The largest portion of the City's net position ($44,122,824) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($7,864,085) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. While the total balance of unrestricted net position is $421,806, the governmental activities unrestricted net position is a deficit balance of $5,612,517. This deficit is attributable to the recognition of the City's proportionate share of net pension liability and net OPEB liability in accordance with GASB Statement Nos. 68 and 75. If the net pension liability and net OPEB liability and related deferrals were excluded, the total unrestricted net position would be a positive $13,805,905. As the operation of the state-wide retirement systems are outside the control of the City and varies significantly from year to year based on the performance of investments, it's important to acknowledge the significant impact the recognition of the net pension liabilities and net OPEB liability have on the City's reported net position.

The City's total assets increased during the year, primarily driven by increases in capital assets. Capital asset activity for the year is discussed later on under the *Capital Assets and Debt Administration* section.

The City's total liabilities increased during the year, primarily due to the issuance of debt. Debt activity for the year is discussed later on under the *Capital Assets and Debt Administration* section. The total liabilities were also impacted by an increase in net pension liability as noted above.

The table below shows the changes in net position for the years ended December 31, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenue:						
Charges for services	$ 3,189,081	$ 2,435,216	$ 6,936,154	$ 6,132,186	$ 10,125,235	$ 8,567,402
Operating grants	1,646,061	1,155,379	-	-	1,646,061	1,155,379
Capital grants	316,123	502,678	186,000	-	502,123	502,678
Total program revenue	5,151,265	4,093,273	7,122,154	6,132,186	12,273,419	10,225,459
General revenue:						
Property and other taxes	1,589,971	1,514,488	-	-	1,589,971	1,514,488
Income taxes	11,449,562	10,607,495	-	-	11,449,562	10,607,495
Payments in lieu of taxes	64,391	47,457	-	-	64,391	47,457
Unrestricted grants and entitlements	1,383,570	906,424	-	-	1,383,570	906,424
Investment earnings	409,801	(272,475)	-	-	409,801	(272,475)
Miscellaneous	279,784	223,663	16,620	38,398	296,404	262,061
Total general revenue	15,177,079	13,027,052	16,620	38,398	15,193,699	13,065,450
Total revenues	20,328,344	17,120,325	7,138,774	6,170,584	27,467,118	23,290,909
Expenses						
Security of persons and property	9,331,644	7,157,403	-	-	9,331,644	7,157,403
Public health services	239,819	243,626	-	-	239,819	243,626
Leisure time activities	412,815	57,103	-	-	412,815	57,103
Community development	108,950	72,448	-	-	108,950	72,448
Transportation	3,069,301	3,159,554	-	-	3,069,301	3,159,554
General government	4,723,391	4,711,164	-	-	4,723,391	4,711,164
Interest and fiscal charges	272,095	252,323	-	-	272,095	252,323
Waterworks operations	-	-	3,201,706	2,198,914	3,201,706	2,198,914
Sanitary sewer operations	-	-	3,790,259	3,018,633	3,790,259	3,018,633
Total expenses	18,158,015	15,653,621	6,991,965	5,217,547	25,149,980	20,871,168
Increase (decrease) in net position before transfers	2,170,329	1,466,704	146,809	953,037	2,317,138	2,419,741
Transfers	11,749	-	(11,749)	-	-	-
Change in net position	2,182,078	1,466,704	135,060	953,037	2,317,138	2,419,741
Beginning net position	23,375,564	21,908,860	26,716,013	25,762,976	50,091,577	47,671,836
Ending net position	$ 25,557,642	$ 23,375,564	$ 26,851,073	$ 26,716,013	$ 52,408,715	$ 50,091,577

The recognition of the City's proportionate share of the state retirement systems' net pension and OPEB liabilities and the annual changes can have a significant impact on the City's financial amounts, despite being outside the control of City management. That is the case this year, as the City recognized $2.5 million more in pension expenses, due primarily to the fact that the Ohio Public Employees Retirement System (OPERS) investment portfolio experienced a 12.1% loss in the current year as compared to a 15.3% gain in the prior year. The impact of these changes is allocated across all of the City's operations and is the primary reason for the increase in several of the expense functions and enterprise operations.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. The City levies and collections a one percent unvoted income tax and a one percent voted income tax on all income earned within the City, as well as on incomes of residents earned out the City. The increase in income taxes is attributable to better economic conditions, as the unemployment rate for Pickaway County decreased from 3.7% in 2022 to 3.3% in 2023.

In addition to income taxes, general revenues include property taxes and grants and entitlements, such as local government funds. The City monitors its sources of revenues very closely for fluctuations.

The City experienced an increase in program revenue, driven primarily by growth in charges for services in the sanitary sewer operations enterprise fund, as sewer rates increased by 25%.

Police and fire represent the largest expense of the governmental activities. The police and fire departments operate out of the general fund, the safety forces tax fund and the safety forces .5% income tax fund. The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling. The City also maintains several parks (leisure time activities) within the City.

The table below for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges of services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by general revenues.

	Total Cost of Service 2023	Net Cost of Service 2023	Total Cost of Service 2022	Net Cost of Service 2022
Security of persons and property	$ 9,331,644	$ 6,614,653	$ 7,157,403	$ 5,499,732
Public health services	239,819	239,819	243,626	243,626
Leisure time activities	412,815	320,504	57,103	10,618
Community Development	108,950	78,060	72,448	49,575
Transportation	3,069,301	1,905,615	3,159,554	1,726,990
General government	4,723,391	3,576,004	4,711,164	3,777,484
Interest on long-term debt	272,095	272,095	252,323	252,323
Total expenses	$ 18,158,015	$ 13,006,750	$ 15,653,621	$ 11,560,348

Business-Type Activities

Business-type activities include waterworks and sanitary sewer operations. The revenues are generated primarily from charges for services. The change in net position for business-type activities was $135,060 during 2023, compared to $953,037 in 2022, primarily due to the increase in pension expenses previously discussed.

THE CITY'S FUNDS

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The following table provides a summary of the City's governmental funds' net change in fund balances at December 31, 2023:

	Fund Balance at 12/31/2023	Fund Balance at 12/31/2022	Net Change in Fund Balance
General	$ 4,004,279	$ 2,575,394	$ 1,428,885
Safety Forces Tax	749,961	1,004,697	(254,736)
Safety Forces .5% Income Tax	1,116,393	975,419	140,974
Capital Improvement .4% Income Tax	1,697,030	1,191,859	505,171
Other Governmental Funds	3,261,560	3,233,945	27,615
	$ 10,829,223	$ 8,981,314	$ 1,847,909

The general fund is the chief operating fund of the City. The fund balance of the general fund increased during the current fiscal year primarily due to an increase in revenues from income taxes (as discussed previously), as well as investment earnings of $395,901 as compared to an investment loss of $274,881 in the prior year.

Two of the major funds (safety forces .5% income tax and capital improvement .4% income tax funds) also benefitted from better income tax collections that led to increased fund balances. The safety forces tax fund had a decrease in fund balance due to an increase in expenditures for personnel.

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

General Fund Budgeting Highlights

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

During the course of 2023, the City amended its general fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

Original Budget Compared to Final Budget During the year, the most significant amendment to the City's budget was to increase estimated income taxes as a result of higher than anticipated collections. The most significant variance from original budgeted to final budgeted appropriations was for decreased general government expenditures for contingencies in the original budget.

Final Budget Compared to Actual Results Actual revenues were within less than 1% of estimates. The most significant variances between estimated expenditures and actual expenditures were for general government and security of persons and property, which were lower than estimated as a result of conservative spending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, the City's capital assets increased $13,713,326.

Capital Assets at Year-End
(Net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 2,078,972	$ 2,078,972	$ 149,180	$ 149,180	$ 2,228,152	$ 2,228,152
Construction in progress	1,670,796	3,087,550	24,004,838	9,062,469	25,675,634	12,150,019
Land improvements	88,693	100,778	41,197	44,092	129,890	144,870
Buildings and improvements	5,753,664	3,697,445	3,713,494	3,984,886	9,467,158	7,682,331
Machinery and equipment	1,450,465	1,422,469	427,377	501,244	1,877,842	1,923,713
Vehicles	1,133,613	1,303,852	329,679	351,151	1,463,292	1,655,003
Infrastructure	19,029,087	20,015,601	15,873,953	16,231,993	34,903,040	36,247,594
	$31,205,290	$31,706,667	$44,539,718	$30,325,015	$75,745,008	$62,031,682

The City continued to invest in equipment and infrastructure during 2023. The projects the City worked on during the year included advanced utility metering infrastructure, various road and utility infrastructure improvements, and wastewater treatment plant improvements. Additionally, the City completed energy efficiency improvements to its facilities.

See Note 8 for additional information about the capital assets of the City.

Debt

At December 31, 2023, the City's outstanding debt increased $13,980,443.

Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 4,797,915	$ 5,155,583	$ 989,997	$ 1,178,329	$ 5,787,912	$ 6,333,912
Lease-purchase obligations	3,001,301	3,458,130	527,624	-	3,528,925	3,458,130
OPWC loans	100,000	-	673,635	719,351	773,635	719,351
OWDA loans	-	-	22,070,315	7,668,951	22,070,315	7,668,951
	$ 7,899,216	$ 8,613,713	$24,261,571	$ 9,566,631	$32,160,787	$18,180,344

During 2023, the City drew down $14.7 million in Ohio Water Development Authority loans for ongoing work on the wastewater treatment plant improvements, water well no. 6 improvements, advanced metering infrastructure and sewer line investigation and remediation.

During 2023, the City also entered into an Ohio Public Works Commission (OPWC) loan in the amount of $100,000 for Cedar Heights Road improvements. Along with the loan, OPWC provided a grant of $300,000 to support this project.

Additionally, the City entered into a lease-purchase obligations to finance the purchase of a sewer jet vacuum truck.

See Note 9 for additional details.

Current Issues

On a cash basis, the City of Circleville's municipal income tax base increased in 2023 by 4.46 percent or $459,165. The percentage increase has decreased from the previous few years. The .5% levy that started in 2020 has leveled out, causing a smaller increase than in years past. The increase in total municipal income tax can be attributed mainly to wage growth.

The 2.5 percent tax is distributed in the following manner: general operations 1.0 percent, .4 percent capital improvements, .6 percent safety forces operations, and in 2019 voters approved an additional temporary .5 percent municipal income tax dedicated to supporting the operations of the safety forces over the next five years. The 2019 income tax levy increase brought the City's municipal tax rate to 2.5 percent for the years 2020 to 2024. Municipal Income tax provides 49.71 percent of the operating revenues for general fund operations. The 1.1 percent municipal income tax provides 62.22 percent of the revenues required to fund safety forces expenditures. The voter approved .4 percent capital improvement tax passed in 2015 allowed the City to complete $1.04 million in street improvements and $188,217 in park enhancements. The overall unemployment rate has stabilized and remained consistently under 4 percent; however, the labor participation rate is in the 54-57 percent range. Wages have continued to increase due to the number of job openings versus the number of people looking for employment.

The City's cash balance as a percent of operating revenues continued to grow in 2023. The debt burden for the City grew from 4.19% to 6.22%, however this is well below the cautionary level of 10%.

In 2023, the City received over $709,173 in total grant dollars. The Municipal Court acquired a $150,000 grant for technology improvements, and $260,630 for probation services, the Parks Department received $124,409 for park acquisition, a nature walk, partial funding of a pickleball court. The Fire Department received $78,714 for the purchase of an exhaust system for their garage, and the Administration applied for and received $95,420 through the Opioid Settlement fund. The utilization of grant dollars has allowed the City to accomplish projects beyond its current financial capabilities.

The utility department is in the process of upgrading the wastewater treatment plant, with proceeds from an OWDA loan currently totaling $42,469,813.

The City of Circleville entered into a joint economic development agreement (JEDD) with Pickaway Township in 2016. The City of Circleville/Pickaway Township JEDD has created over 500 new jobs in the area. The City receives 4 percent of the municipal income tax generated from the JEDD tallying $164,605 since its inception. The company supporting the JEDD has agreed to double its size with a $185,000,000 investment and completion of construction expected in 2025. This increase in growth is expected to increase revenue from the JEDD to approximately $250,000 per year from the current revenue of about $30,000. The Auditor's Office is also performing fiscal duties for two additional JEDD's.

With the completion of the US 23 connector and the extension of South Court Street, retail development continues to expand. Active development plans are underway in the area with the potential of bringing additional retail establishments, along with the opening of a Valvoline Oil Change location, a new fast food establishment in the abandoned Del Taco building, as well as another hotel. Atomic Credit Union opened its doors in late 2023. Downtown Circleville has started several revitalization projects after the sale of multiple empty buildings that had been held in court for years. This has provided new opportunities for smaller boutique shops, and other projects that are in progress, which have not been named as of yet.

The City debt liabilities are budgeted and sufficient revenues are available to meet all debt obligations.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Bidwell, City Auditor, City of Circleville, 133 South Court Street, Circleville, Ohio 43113.

CITY OF CIRCLEVILLE, OHIO
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and investments	$ 10,730,958	$ 6,534,452	$ 17,265,410
Cash and investments in segregated accounts	119,173	-	119,173
Cash and investments with fiscal agents	34,827	527,644	562,471
Restricted cash and investments	-	60,752	60,752
Receivables:			
Accounts	112,468	1,114,886	1,227,354
Intergovernmental	1,862,785	-	1,862,785
Property and other local taxes	1,060,227	-	1,060,227
Income taxes	2,859,131	-	2,859,131
Payment in lieu of taxes	48,000	-	48,000
Accrued interest	16,828	-	16,828
Prepaid items	150,808	39,023	189,831
Materials and supplies inventory	160,092	267,605	427,697
Nondepreciable capital assets	3,749,768	24,154,018	27,903,786
Depreciable capital assets, net	27,455,522	20,385,700	47,841,222
Total assets	48,360,587	53,084,080	101,444,667
Deferred Outflows of Resources			
Deferred charges on refunding	-	27,227	27,227
Pensions	7,006,161	1,180,756	8,186,917
OPEB	1,163,904	177,099	1,341,003
Total deferred outflows of resources	8,170,065	1,385,082	9,555,147
Liabilities			
Accounts payable	651,793	114,177	765,970
Contracts payable	-	16,248	16,248
Refundable deposits	-	60,752	60,752
Accrued wages payable	153,382	40,218	193,600
Payroll withholdings payable	37,019	-	37,019
Intergovernmental payable	127,843	26,658	154,501
Matured bonds payable	20,000	-	20,000
Matured interest payable	14,831	-	14,831
Accrued interest payable	56,106	-	56,106
Unearned revenue	441,397	-	441,397
Noncurrent liabilities:			
Due within one year	1,064,479	585,378	1,649,857
Due in more than one year:			
Net pension liability	17,169,699	2,815,884	19,985,583
Net OPEB liability	1,020,119	58,369	1,078,488
Other amounts due in more than one year	7,354,144	23,881,155	31,235,299
Total liabilities	28,110,812	27,598,839	55,709,651
Deferred Inflows of Resources			
Property taxes and payment in lieu of taxes levied for next year	1,033,500	-	1,033,500
Pensions	724,804	-	724,804
OPEB	1,103,894	19,250	1,123,144
Total deferred inflows of resources	2,862,198	19,250	2,881,448
Net Position			
Net investment in capital assets	23,306,074	20,816,750	44,122,824
Restricted for:			
Debt service	177,166	-	177,166
Capital projects	2,012,504	-	2,012,504
Road improvements	868,881	-	868,881
Public safety	3,177,608	-	3,177,608
Municipal Court	518,314	-	518,314
Legal computer maintenance	907,565	-	907,565
Other purposes	202,047	-	202,047
Unrestricted (deficit)	(5,612,517)	6,034,323	421,806
Total net position	$ 25,557,642	$ 26,851,073	$ 52,408,715

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Activities
Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Security of persons and property	$ 9,331,644	$ 2,200,829	$ 437,448	$ 78,714	$ (6,614,653)	$ -	$ (6,614,653)
Public health services	239,819	-	-	-	(239,819)	-	(239,819)
Leisure time activities	412,815	39,947	52,364	-	(320,504)	-	(320,504)
Community development	108,950	30,890	-	-	(78,060)	-	(78,060)
Transportation	3,069,301	6,005	920,272	237,409	(1,905,615)	-	(1,905,615)
General government	4,723,391	911,410	235,977	-	(3,576,004)	-	(3,576,004)
Interest on long-term debt	272,095	-	-	-	(272,095)	-	(272,095)
Total governmental activities	18,158,015	3,189,081	1,646,061	316,123	(13,006,750)	-	(13,006,750)
Business-type activities:							
Waterworks operating	3,201,706	2,458,488	-	93,000	-	(650,218)	(650,218)
Sanitary sewer operating	3,790,259	4,477,666	-	93,000	-	780,407	780,407
Total business-type activities	6,991,965	6,936,154	-	186,000	-	130,189	130,189
Total	$ 25,149,980	$ 10,125,235	$ 1,646,061	$ 502,123	(13,006,750)	130,189	(12,876,561)
General revenues:							
Property and other taxes levied for:							
General purposes					1,430,939	-	1,430,939
Police, fire and community development					159,032	-	159,032
Income taxes levied for:							
General purposes					3,968,798	-	3,968,798
Debt service					435,036	-	435,036
Capital projects					409,468	-	409,468
Police and fire					6,636,260	-	6,636,260
Payment in lieu of taxes					64,391	-	64,391
Grants and contributions not restricted to specific programs					1,383,570	-	1,383,570
Investment earnings					409,801	-	409,801
Miscellaneous					279,784	16,620	296,404
Transfers					11,749	(11,749)	-
Total general revenues and transfers					15,188,828	4,871	15,193,699
Change in net position					2,182,078	135,060	2,317,138
Net position beginning of year					23,375,564	26,716,013	50,091,577
Net position end of year					$ 25,557,642	$ 26,851,073	$ 52,408,715

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Balance Sheet
Governmental Funds
December 31, 2023

	General	Safety Forces Tax	Safety Forces .5% Income Tax	Capital Improvement .4% Income Tax	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	$3,748,571	$ 583,730	$ 1,027,754	$ 1,618,906	$ 3,751,997	$ 10,730,958
Cash in segregated accounts	76,381	-	-	-	42,792	119,173
Cash with fiscal agents	-	-	-	-	34,827	34,827
Receivables:						
Accounts	49,026	61,442	-	-	2,000	112,468
Intergovernmental	346,295	-	-	-	1,516,490	1,862,785
Property and other local taxes	852,023	-	-	-	208,204	1,060,227
Income taxes	898,669	554,413	546,233	444,137	415,679	2,859,131
Payment in lieu of taxes	-	-	-	-	48,000	48,000
Accrued interest	16,828	-	-	-	-	16,828
Prepaid items	78,302	38,902	18,050	4,222	11,332	150,808
Materials and supplies inventory	16,762	-	-	-	143,330	160,092
Total assets	$6,082,857	$ 1,238,487	$ 1,592,037	$ 2,067,265	$ 6,174,651	$ 17,155,297
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	$ 150,090	$ -	$ 36,392	$ 55,398	$ 409,913	$ 651,793
Accrued wages payable	60,050	64,633	9,184	-	19,515	153,382
Payroll withholdings payable	37,019	-	-	-	-	37,019
Intergovernmental payable	38,807	31,272	44,150	-	13,614	127,843
Matured bonds payable	-	-	-	-	20,000	20,000
Matured interest payable	-	-	-	-	14,831	14,831
Unearned revenue	-	-	-	-	441,397	441,397
Total liabilities	285,966	95,905	89,726	55,398	919,270	1,446,265
Deferred Inflows of Resources:						
Property taxes and payment in lieu of taxes levied for next year	825,000	-	-	-	208,500	1,033,500
Unavailable revenue	967,612	392,621	385,918	314,837	1,785,321	3,846,309
Total deferred inflows of resources	1,792,612	392,621	385,918	314,837	1,993,821	4,879,809
Fund Balances:						
Nonspendable	114,111	38,902	18,050	4,222	154,662	329,947
Restricted	-	711,059	1,098,343	1,692,808	2,621,142	6,123,352
Committed	86,339	-	-	-	604,573	690,912
Assigned	996,719	-	-	-	9,588	1,006,307
Unassigned	2,807,110	-	-	-	(128,405)	2,678,705
Total fund balances	4,004,279	749,961	1,116,393	1,697,030	3,261,560	10,829,223
Total liabilities, deferred inflows of resources and fund balances	$6,082,857	$ 1,238,487	$ 1,592,037	$ 2,067,265	$ 6,174,651	$ 17,155,297

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023

Total governmental fund balances	$ 10,829,223
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	31,205,290
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.	3,846,309
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds	(2,350,000)
Unamortized bond premiums	(68,915)
Capital facilities bonds	(2,379,000)
OPWC loans payable	(100,000)
Lease-purchase obligations	(3,001,301)
Accrued interest payable	(56,106)
Compensated absences	(519,407)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferrred inflows/outflows are not reported in the governmental funds:	
Deferred outflows - pension	7,006,161
Deferred inflows - pension	(724,804)
Net pension liability	(17,169,699)
Deferred outflows - OPEB	1,163,904
Deferred inflows - OPEB	(1,103,894)
Net OPEB liability	(1,020,119)
Net position of governmental activities	$ 25,557,642

CITY OF CIRCLEVILLE, OHIO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	General	Safety Forces Tax	Safety Forces .5% Income Tax	Capital Improvement .4% Income Tax	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property and other local taxes	$ 930,181	$ -	$ -	$ -	$ 406,150	$ 1,336,331
Income taxes	3,514,753	2,168,335	2,136,513	1,736,978	1,626,259	11,182,838
Payment in lieu of taxes	-	-	-	-	64,391	64,391
Special assessments	18,666	-	-	-	-	18,666
Charges for services	630,808	715,131	-	-	29,926	1,375,865
Licenses and permits	85,254	-	-	-	-	85,254
Fines and forfeitures	429,001	-	-	-	581,438	1,010,439
Intergovernmental	1,058,580	-	-	237,409	1,954,826	3,250,815
Investment earnings	395,901	-	-	-	13,900	409,801
Contributions and donations	36,844	12	-	-	15,520	52,376
Miscellaneous	185,736	1,184	58,037	-	20,772	265,729
Total revenues	7,285,724	2,884,662	2,194,550	1,974,387	4,713,182	19,052,505
Expenditures:						
Current:						
Security of persons and property	2,019,238	3,139,398	1,716,324	-	780,427	7,655,387
Public health services	239,819	-	-	-	-	239,819
Leisure time activities	162,709	-	-	3,500	3,910	170,119
Community development	97,534	-	-	-	-	97,534
Transportation	229,619	-	-	211,041	944,157	1,384,817
General government	2,743,514	-	-	-	1,098,566	3,842,080
Capital outlay	364,406	-	273,262	1,284,429	965,957	2,888,054
Debt service:						
Principal retirement	-	-	56,788	68,700	666,041	791,529
Interest and fiscal charges	-	-	7,202	1,546	290,738	299,486
Total expenditures	5,856,839	3,139,398	2,053,576	1,569,216	4,749,796	17,368,825
Excess (deficiency) of revenues over (under) expenditures	1,428,885	(254,736)	140,974	405,171	(36,614)	1,683,680
Other financing sources:						
Issuance of OPWC loans	-	-	-	100,000	-	100,000
Insurance recoveries	-	-	-	-	52,480	52,480
Transfers in	-	-	-	-	11,749	11,749
Total other financing sources	-	-	-	100,000	64,229	164,229
Net change in fund balance	1,428,885	(254,736)	140,974	505,171	27,615	1,847,909
Fund balance, beginning of year	2,575,394	1,004,697	975,419	1,191,859	3,233,945	8,981,314
Fund balance, end of year	$ 4,004,279	$ 749,961	$ 1,116,393	$ 1,697,030	$ 3,261,560	$ 10,829,223

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

Net change in fund balances - total governmental funds		$ 1,847,909
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital asset additions	1,430,663	
Depreciation expense	(1,932,040)	(501,377)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,332,786
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt		4,423
Amortization of bond premiums		22,968
Compensated absences		38,313
Repayment of long-term obligations is reported as an expenditures in the governmental funds, but repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of bonds and lease-purchase obligations.		791,529
Long-term debt proceeds are recorded as other financing sources in the governmental funds, but are reported as increases of long-term liabilities in the statement of net position.		(100,000)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports this amount as deferred outflows:		
Pension		1,171,706
OPEB		20,847
Except for amounts reported as deferred outflows/inflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expenses in the statement of activities.		
Pension		(2,531,518)
OPEB		84,492
Change in net position of governmental activities		$ 2,182,078

CITY OF CIRCLEVILLE, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual (Budget Basis)
General Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property and other local taxes	$ 865,575	$ 922,404	$ 930,181	$ 7,777
Income taxes	3,291,520	3,507,624	3,537,199	29,575
Special assessments	17,370	18,510	18,666	156
Charges for services	579,642	617,698	622,906	5,208
Licenses and permits	84,014	89,530	90,285	755
Fines and forfeitures	389,685	415,270	418,771	3,501
Intergovernmental	977,858	1,042,059	1,050,845	8,786
Investment earnings	212,398	226,343	228,251	1,908
Contributions and donations	34,285	36,536	36,844	308
Miscellaneous	169,144	180,249	181,771	1,522
Total revenues	6,621,491	7,056,223	7,115,719	59,496
Expenditures:				
Current:				
Security of persons and property	2,415,948	2,262,600	2,032,958	229,642
Public health services	242,132	242,132	238,881	3,251
Leisure time services	145,500	166,020	148,383	17,637
Community development	121,094	121,094	97,072	24,022
Transportation	253,943	251,232	210,982	40,250
General government	4,031,111	3,725,246	2,927,056	798,190
Capital outlay	-	396,030	364,406	31,624
Total expenditures	7,209,728	7,164,354	6,019,738	1,144,616
Excess (deficiency) of revenues over (under) expenditures	(588,237)	(108,131)	1,095,981	1,204,112
Other financing sources (uses):				
Debt proceeds	-	63,439	63,439	-
Transfers out	(40,000)	-	(40,000)	(40,000)
Total other financing sources (uses)	(40,000)	63,439	23,439	(40,000)
Net change in fund balance	(628,237)	(44,692)	1,119,420	$ 1,164,112
Fund balance, beginning of year	2,719,244	2,719,244	2,719,244	
Fund balance, end of year	$ 2,091,007	$ 2,674,552	$ 3,838,664	

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual (Budget Basis)
Safety Forces Tax Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Income taxes	$ 2,042,150	$ 2,136,259	$ 2,182,191	$ 45,932
Charges for services	707,461	740,063	755,975	15,912
Contributions and donations	11	12	12	-
Miscellaneous	1,108	1,159	1,184	25
Total revenues	2,750,730	2,877,493	2,939,362	61,869
Expenditures:				
Current:				
Security of persons and property	3,057,448	3,563,420	3,177,460	385,960
Net change in fund balance	(306,718)	(685,927)	(238,098)	$ 447,829
Fund balance, beginning of year	865,498	865,498	865,498	
Fund balance, end of year	$ 558,780	$ 179,571	$ 627,400	

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual (Budget Basis)
Safety Forces .5% Income Tax Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Income taxes	$ 1,782,873	$ 2,069,145	$ 2,149,995	$ 80,850
Miscellaneous	48,127	55,855	58,037	2,182
Total revenues	1,831,000	2,125,000	2,208,032	83,032
Expenditures:				
Current:				
Security of persons and property	1,994,363	1,911,883	1,710,490	201,393
Capital outlay	-	276,351	273,262	3,089
Debt service:				
Principal retirement	56,788	56,788	56,788	-
Interest and fiscal charges	7,202	7,202	7,202	-
Total expenditures	2,058,353	2,252,224	2,047,742	204,482
Net change in fund balance	(227,353)	(127,224)	160,290	$ 287,514
Fund balance, beginning of year	867,463	867,463	867,463	
Fund balance, end of year	$ 640,110	$ 740,239	$ 1,027,753	

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds		
	Waterworks Operating	Sanitary Sewer Operating	Totals
Assets			
Current assets:			
Equity in pooled cash and investments	$ 2,181,411	$ 4,353,041	$ 6,534,452
Cash with fiscal agents	263,812	263,832	527,644
Receivables:			
Accounts	389,061	725,825	1,114,886
Prepaid items	16,113	22,910	39,023
Materials and supplies inventory	252,432	15,173	267,605
Total current assets	3,102,829	5,380,781	8,483,610
Noncurrent assets:			
Restricted cash and investments	30,376	30,376	60,752
Nondepreciable capital assets	2,001,586	22,152,432	24,154,018
Depreciable capital assets, net	9,094,690	11,291,010	20,385,700
Total noncurrent assets	11,126,652	33,473,818	44,600,470
Total assets	14,229,481	38,854,599	53,084,080
Deferred outflows of resources			
Deferred charge on refunding	11,571	15,656	27,227
Pensions	454,292	726,464	1,180,756
OPEB	68,117	108,982	177,099
Total deferred outflows of resources	533,980	851,102	1,385,082
Liabilities			
Current liabilities:			
Accounts payable	12,627	101,550	114,177
Contracts payable	-	16,248	16,248
Accrued wages payable	14,521	25,697	40,218
Intergovernmental payable	10,096	16,562	26,658
Compensated absences payable	67,104	56,663	123,767
Lease purchase payable	83,786	83,786	167,572
OPWC loans payable	-	45,716	45,716
OWDA loans payable	37,500	30,823	68,323
General obligation bonds payable	75,000	105,000	180,000
Refundable deposits	30,376	30,376	60,752
Total current liabilities	331,010	512,421	843,431
Noncurrent liabilities:			
Compensated absences payable	47,056	34,139	81,195
Lease purchase payable	180,026	180,026	360,052
OPWC loans payable	-	627,919	627,919
OWDA loans payable	1,922,357	20,079,635	22,001,992
General obligation bonds payable	340,550	469,447	809,997
Net pension liability	1,083,032	1,732,852	2,815,884
Net OPEB liability	22,450	35,919	58,369
Total noncurrent liabilities	3,595,471	23,159,937	26,755,408
Total liabilities	3,926,481	23,672,358	27,598,839
Deferred Inflows of Resources			
OPEB	7,404	11,846	19,250
Total deferred inflows of resources	7,404	11,846	19,250
Net Position			
Net investment in capital assets	8,732,440	12,084,310	20,816,750
Unrestricted	2,097,136	3,937,187	6,034,323
Total net position	$ 10,829,576	$ 16,021,497	$ 26,851,073

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO

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

	Enterprise Funds		
	Waterworks Operating	Sanitary Sewer Operating	Totals
Operating revenues:			
Charges for services	$ 2,458,488	$ 4,477,666	$ 6,936,154
Miscellaneous	10,091	6,529	16,620
Total operating revenues	2,468,579	4,484,195	6,952,774
Operating expenses:			
Personnel services	693,331	1,106,054	1,799,385
Fringe benefits	311,379	472,156	783,535
Contractual services	812,374	937,802	1,750,176
Materials and supplies	931,599	687,513	1,619,112
Depreciation	405,654	535,903	941,557
Other	2,603	10,517	13,120
Total operating expenses	3,156,940	3,749,945	6,906,885
Operating income (loss)	(688,361)	734,250	45,889
Non-operating expenses:			
Interest expense and fiscal charges	(44,766)	(40,314)	(85,080)
Income (loss) before contributions and transfers	(733,127)	693,936	(39,191)
Capital contribution	93,000	93,000	186,000
Transfers out	(8,553)	(3,196)	(11,749)
Change in net position	(648,680)	783,740	135,060
Net position, beginning of year	11,478,256	15,237,757	26,716,013
Net position, end of year	$ 10,829,576	$ 16,021,497	$ 26,851,073

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds		
	Waterworks Operating	Sanitary Sewer Operating	Totals
Cash flows from operating activities:			
Cash received from customers	$ 2,466,020	$ 4,321,329	$ 6,787,349
Cash receipts on behalf of Pickaway County Sewer District	-	44,393	44,393
Cash payments to suppliers for goods and services	(1,802,678)	(1,520,480)	(3,323,158)
Cash payments for employee services and benefits	(945,696)	(1,456,620)	(2,402,316)
Cash payments to Pickaway County Sewer District	-	(85,432)	(85,432)
Net cash from operating activities	(282,354)	1,303,190	1,020,836
Cash flows from noncapital financing activities:			
Transfers to other funds	(8,553)	(3,196)	(11,749)
Cash flows from capital and related financing activities:			
Acquisition of capital assets*	(643,518)	(14,530,640)	(15,174,158)
Capital grants	93,000	93,000	186,000
Proceeds from loan draws**	499,804	14,569,592	15,069,396
Principal payments on debt**	(152,529)	(213,595)	(366,124)
Interest payments on debt	(44,426)	(39,909)	(84,335)
Net cash from capital and related financing activities	(247,669)	(121,552)	(369,221)
Net change	(538,576)	1,178,442	639,866
Cash and investments beginning of year	3,014,175	3,468,807	6,482,982
Cash and investments end of year	$ 2,475,599	$ 4,647,249	$ 7,122,848
Reconciliation of cash and investments:			
Equity in pooled cash and investments	$ 2,181,411	$ 4,353,041	$ 6,534,452
Cash with fiscal agent	263,812	263,832	527,644
Restricted cash and investments	30,376	30,376	60,752
Total cash and investments per Statement of Net Position	$ 2,475,599	$ 4,647,249	$ 7,122,848
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	$ (688,361)	$ 734,250	$ 45,889
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	405,654	535,903	941,557
Changes in assets, liabilities and deferred outflows and inflows:			
Receivables	(2,559)	(118,473)	(121,032)
Prepaid items	(170)	(13,156)	(13,326)
Supplies inventory	(20,893)	(5,162)	(26,055)
Accounts payable	(35,039)	48,238	13,199
Accrued wages payable	1,563	5,180	6,743
Intergovernmental payable	1,228	2,596	3,824
Compensated absences payable	(2,860)	23,582	20,722
Deferred outflows - pensions and OPEB	(362,743)	(578,679)	(941,422)
Deferred inflows - pensions and OPEB	(481,466)	(774,598)	(1,256,064)
Net pension and OPEB liabilities and assets	903,292	1,443,509	2,346,801
Net cash from operating activities	$ (282,354)	$ 1,303,190	$ 1,020,836
Schedule of non-cash capital and related financing activities:			
*Capital assets from outstanding liabilities	$ -	$ 16,248	

**OWDA rolled $161,312 in an investigation and remediation loan into a new loan for the same purpose during 2023.

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Private-Purpose Trust Fund	Custodial Fund
Assets		
Equity in pooled cash and investments	$ 10,996	$ 55,596
Cash in segregated accounts	-	61,312
Total assets	10,996	116,908
Liabilities		
Intergovernmental payable	-	83,745
Net Position		
Restricted for private purposes	10,996	-
Restricted for other governments and individuals	-	$ 33,163
Total net position	$ 10,996	$ 33,163

See accompanying notes to the basic financial statements.

CITY OF CIRCLEVILLE, OHIO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2023

	Private-Purpose Trust Fund	Custodial Fund
Additions:		
Interest	$ 84	$ 1,689
Intergovernmental for other governments	-	46,027
Amounts received as fiscal agent	-	847,473
Licenses, permits and fees for other governments	-	32,711
Fines and forfeitures for other governments	-	289,109
Total additions	84	1,217,009
Deductions:		
Distributions as fiscal agent	-	877,777
Licenses, permits and fees distributions to other governments	-	34,506
Fines and forfeitures distributions to other governments	-	276,061
Total deductions	-	1,188,344
Change in net position	84	28,665
Net position, beginning of year	10,912	4,498
Net position, end of year	$ 10,996	$ 33,163

See accompanying notes to the basic financial statements.

NOTE 1—DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Circleville (the "City") is a non-chartered municipal corporation operating under the laws of the State of Ohio. The community was established in 1810 as part of Circleville Township; it became a Village in 1811 before becoming a City in 1814. The municipal government operates under a Council/Mayor form of government. Legislative power is vested in an eight-member Council: four members elected by wards, three elected at large, and an elected President, who only votes in the case of a tie. The Mayor is the chief executive officer and the head of the administrative agencies of the City. He/she appoints all department heads and employees, with the exception of the following: the elected City Auditor, who appoints the Deputy Auditor, the elected Director of Law who appoints the Assistant Law Director, and the elected Treasurer.

Reporting Entity

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

The primary government of the City consists of all funds, departments and activities which are not legally separate from the City. They comprise the City's legal entity which provides various services including public safety, planning, zoning, street maintenance and repair, parks and recreation, community development, public health and welfare, and water and sewer treatment. Administrative staff provides support (i.e., payroll processing, accounts payable, 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.

The City is associated with two organizations which are defined as a jointly governed organization:

Pickaway Progress Partnership
The Pickaway Progress Partnership (P^3) was created as a not-for-profit corporation under Section 1724.01 et. seq., Ohio Revised Code. P^3 is governed by a 15-member Board of Trustees, three of which are elected or appointed officials of the City, three are appointed by Pickaway County, one is a representative of the North Gate Alliance Cooperative Economic Development Agreement, and eight are volunteer citizens. P^3 is the economic development agent for Pickaway County and its municipalities. P^3 has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. Because P^3 is subject to joint control and the participants have no equity interest in P^3, P^3 is a jointly governed organization of the City.

NOTE 1—DESCRIPTION OF THE ENTITY AND REPORTING ENTITY *(continued)*

Joint Economic Development District
In 2016, the City and Pickaway Township entered into a contract to create and provide for the operation of the City of Circleville-Pickaway Township Joint Economic Development District (JEDD). The JEDD is a not-for-profit Community Improvement Corporation formed under Sections 715.72 through 715.81 of the Ohio Revised Code. The JEDD was designated as the economic development agent for the City of Circleville and Pickaway Township. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the Township, the City and the JEDD. The JEDD is administered by a Board of locally appointed officials and local business leaders. The JEDD is not dependent upon the City of Circleville for its existence.

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; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has no component units.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

B. <u>Fund Accounting</u>

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

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

General Fund – This fund accounts for and reports 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.

Safety Forces Tax Fund – This fund accounts for and reports the one-half percent voted income tax and charges for services restricted for safety purposes.

Safety Forces .5% Income Tax Fund – This fund accounts for and reports an additional one-half percent voted income tax restricted for safety purposes expiring in 2024.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Improvement .4% Income Tax Fund – This fund accounts for and reports the portion of the voted income tax which is restricted for capital projects as approved by Council.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds. Proprietary funds focus on the determination of operating income, changes in net position, and cash flows. The City's proprietary funds are enterprise funds:

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:

Waterworks Operating Fund – This fund is used to account for the provision of water service to the residents and businesses of the City.

Sanitary Sewer Operating Fund – This fund is used to account for the provision of sanitary sewer service to the residents and businesses of 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 trust funds, investment trust funds, private purpose trust funds, and custodial funds. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The City has one private purpose trust fund which is used to account for the money set aside to be donated to charities as authorized in the will of Josie Renick. The City has five custodial funds which are used to account for monies held for individuals and organizations for fines and forfeitures and to account for assets held by the City as fiscal agent for the Joint Economic Development District (JEDD), which is used to account for monies held for individuals and organizations for income taxes.

C. <u>Measurement Focus</u>

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its enterprise 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 and the financial statements of the enterprise and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measureable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 to be both measurable and available at year-end: income tax, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), and grants.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements 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 include property and payment in lieu of taxes, pension, OPEB and unavailable revenue. Property and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance the subsequent year's operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 10 and 11).

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

E. Cash and Investments

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each share of the pool is presented on the financial statements in the account "Equity in Pooled Cash and Investments."

Cash and investments that are held separately within departments of the City and not held with the City Treasurer are recorded as "Cash and investments in segregated accounts." The City also utilizes financial institutions to service bonded debt as principal and interest payments as they come due and as an escrow account for unspent lease-purchase proceeds. This balance is presented as "Cash and investments with fiscal agents."

During the year, investments were limited to money market mutual funds, U.S. agency securities, and negotiable certificates of deposit.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2023 (before unrealized gains and losses) amounted to $228,359, which includes $185,973 assigned from other funds.

Investments with an original maturity of three months or less at the time of are reported as investments on the financial statements.

F. Materials and Supplies Inventory

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

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. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit payable liability account.

I. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The City maintains a capitalization threshold of $5,000. 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 expensed.

All reported capital assets, except land and construction in progress, are depreciated. 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 replacements. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10 – 25 years
Buildings and Improvements	20 – 50 years
Machinery and Equipment	7 – 20 years
Vehicles	5 – 20 years
Infrastructure	10 – 75 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks, street lighting, storm sewers, and water and sewer lines. In the initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

J. 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 that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees after one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned 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.

K. Accrued Liabilities and Long-term Obligations

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

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Unamortized Bond Premium

Bond premiums are presented as an increase to the face amount of the bonds payable. On the governmental fund financial statements, premiums are recorded when received/paid.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2023, there was no net position restricted by enabling legislation.

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

O. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the City include prepaid items and inventory.

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

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. The City Council has by resolution authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which 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 could be used.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and utility services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Q. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Transfers between governmental and business-type activities on the government-wide 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. Interfund payments for 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

R. Estimates

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

S. Budgetary Process

All funds, other than custodial funds, are legally 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 Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal services and all other object level within each department. Any budgetary modifications at this level may only be made by ordinance of City Council.

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 final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

The appropriation 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 appropriation 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 Council during the year, including all supplemental appropriations.

T. Unearned Revenue

Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. The unearned revenue reported represents grants received from the American Rescue Plan Act funding.

NOTE 3—BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general and major 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 GAAP basis are as follows:

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

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

3. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed, or assigned fund balance (GAAP basis). Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

	General	Safety Forces Tax	Safety Forces .5% Income Tax
Net change in fund balance - GAAP Basis	$ 1,428,885	$ (254,736)	$ 140,974
Increase / (decrease):			
Due to revenues	(166,226)	54,700	13,482
Due to expenditures	(162,899)	(38,062)	5,834
Due to other sources (uses)	63,439	-	-
Funds reclassed*	(43,779)	-	-
Net change in fund balance - Budget Basis	$ 1,119,420	$ (238,098)	$ 160,290

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the sick leave fund, unclaimed revenue fund, and municipal court unclaimed money fund.

NOTE 4—DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into two categories, active and inactive.

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

Inactive monies are public deposits that 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 to be deposited or invested in the following securities:

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

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

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

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

NOTE 4—DEPOSITS AND INVESTMENTS *(continued)*

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

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

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

8. Under limited circumstances, corporate note interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

1. Bonds of the State of Ohio.

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

3. Obligations of the City.

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. Investments may only be made through specified dealers and institutions.

Cash on Hand - At year-end, the City had $318 undeposited cash on hand which is included as part of "equity in pooled cash and investments."

Deposits - At year-end, $11,470,044 of the City's bank balance was exposed to custodial risk as discussed below. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation. The carrying balance of the City's deposits at year-end was $10,996,950.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

(1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured, or

NOTE 4—DEPOSITS AND INVESTMENTS *(continued)*

(2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State. For 2023, the City's financial institutions were approved for a reduced collateral rate of 50% through the OPCS.

Segregated Cash - Various municipal court accounts and a private purpose trust are recorded in fiduciary funds of the City and the customer deposits and Pickaway County Utility accounts of the business-type activities are maintained separately from the City's deposits. The carrying amount of these deposits are reported as "Cash and investments in segregated accounts." The bank balances are covered by Federal depository insurance as previously discussed.

Cash with Fiscal Agent - The bond and coupon account, which is recorded in the general obligation bond retirement fund of the governmental activities, is maintained separately from the City's deposits. Additionally, the City had unspent lease-purchase proceeds in another separate account from the City's deposits. The carrying amount of these deposits are reported as "Cash and investments with fiscal agents." The bank balance as of December 31, 2023 was $562,511, which was covered by Federal depository insurance.

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

	Balance at 12/31/23	Average Weighted Maturity (Yrs)	Concentration	S&P Ratings
Fair Value				
Level 2				
Negotiable CDs	$ 4,000,197	0.72	56.2%	*not rated*
U.S. Agency Securities	2,194,979	2.32	30.9%	AA+
	6,195,176			
Amortized Cost				
Money Market	916,769	0.09	12.9%	AAAm
Total	$ 7,111,945		100.0%	

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 table identifies the City's recurring fair value measurements as of December 31, 2023. The City's 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).

NOTE 4—DEPOSITS AND INVESTMENTS *(continued)*

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. The investment portfolio should be diversified in order to avoid incurring potential losses regarding individual securities, which may not be held to maturity, whether by erosion of market value or change in market conditions. Unless matched to a specific obligation or debt of the City, the City will not directly invest in securities maturing more than six years from the date of investment.

Credit Risk: The City's investment policy limits investments to those authorized by State statute which restricts investments to those that are highly rated or backed by the enterprises of the United States Government.

Concentration of Credit Risk: The City's investment policy limits the City's investments to the following: no more than 50% of the investment portfolio, excluding working cash, shall be deposited in any one financial institution; 100% of the investment portfolio may be invested in securities guaranteed by the United States, or those securities for which the full faith of the United States is pledged for the payment of principal and interest; 100% of the investment portfolio may be invested in Time Certificates of Deposits, Savings, or Deposit Accounts which have been fully collateralized; no more than 50% of the total investment portfolio may be invested in bonds and other obligations of this State; no more than 50% of the total investment portfolio may be invested in securities issued by any federal government agency or instrumentality; and no more than 25% of the total investment portfolio may be invested in no-load money market mutual funds consisting exclusively of government securities or repurchase agreements secured by government securities. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 5—RECEIVABLES

Receivables at December 31, 2023, consisted of accrued interest, accounts for weed and litter assessments, billed charges for utilities, intergovernmental receivables, and taxes. All receivables are considered fully collectible, including water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

NOTE 6—MUNICIPAL INCOME TAX

The City levies and collects a one percent unvoted income tax and a one percent voted income tax 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% of the tax paid to another municipality, not to exceed the amount owed. 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. The City utilized the Regional Income Tax Agency (RITA) for the collection of income taxes.

NOTE 6—MUNICIPAL INCOME TAX *(continued)*

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2023, the proceeds were allocated to the General Fund, the Income Tax Fund, the Safety Forces Tax Fund, the Safety Forces .1% Tax Fund, the General Obligation Bond Retirement Fund, the Capital Improvement .4% Tax Fund and the Capital Improvement Fund. The City also deposits .5% income tax to the Safety Forces .5% Income Tax Fund as voted.

NOTE 7—PROPERTY TAX

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes from real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued sexennially, with a triennial update. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in February. If paid semi-annually, the first payment is due in February, with the remainder payable by July. In certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility real property taxes collected in 2023 were levied on assessed values as of January 1, 2022, the tax lien date. Public utility tangible personal property values are assessed by the Ohio Tax Commissioner at various assessment rates depending on the type of utility and property. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2023 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources. The full tax rate for all City operations for the year ended December 31, 2023, was $4.00 per $1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	
Agricultural/Residential	$ 266,381,850
Commercial/Industrial/Mineral	68,055,560
Public Utility Real	78,190
Tangible Personal Property	
Public Utility	28,517,760
Total Assessed Value	$ 363,033,360

NOTE 8—CAPITAL ASSETS

A summary of changes in capital assets during 2023 follows:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Governmental Activities				
Nondepreciable capital assets:				
Land	$ 2,078,972	$ -	$ -	$ 2,078,972
Construction in progress	3,087,550	1,070,913	(2,487,667)	1,670,796
Total nondepreciable capital assets	5,166,522	1,070,913	(2,487,667)	3,749,768
Depreciable capital assets:				
Land improvements	1,020,224	-	-	1,020,224
Buildings and improvements	8,133,777	2,351,346	-	10,485,123
Machinery and equipment	4,349,584	252,257	(125,000)	4,476,841
Vehicles	3,366,036	-	-	3,366,036
Infrastructure	48,592,552	243,814	-	48,836,366
Total depreciable capital assets	65,462,173	2,847,417	(125,000)	68,184,590
Accumulated depreciation:				
Land improvements	(919,446)	(12,085)	-	(931,531)
Buildings and improvements	(4,436,332)	(295,127)	-	(4,731,459)
Machinery and equipment	(2,927,115)	(224,261)	125,000	(3,026,376)
Vehicles	(2,062,184)	(170,239)	-	(2,232,423)
Infrastructure	(28,576,951)	(1,230,328)	-	(29,807,279)
Total accumulated depreciation	(38,922,028)	(1,932,040)	125,000	(40,729,068)
Total capital assets being depreciated, net	26,540,145	915,377	-	27,455,522
Total Governmental Activities	$ 31,706,667	$ 1,986,290	$ (2,487,667)	$ 31,205,290

Depreciation expense was charged to governmental functions as follows:

General government	$ 175,553
Security of persons and property	382,167
Transportation	1,292,122
Community development	3,004
Leisure time activities	79,194
Total Depreciation Expense	$ 1,932,040

NOTE 8—CAPITAL ASSETS *(continued)*

Business-Type Activities	**Balance 12/31/22**	**Additions**	**Deletions**	**Balance 12/31/23**
Nondepreciable capital assets:				
Land	$ 149,180	$ -	$ -	$ 149,180
Construction in progress	9,062,469	14,942,369	-	24,004,838
Total nondepreciable capital assets	9,211,649	14,942,369	-	24,154,018
Depreciable capital assets:				
Land improvements	380,653	-	-	380,653
Buildings and improvements	15,552,094	121,791	(27,489)	15,646,396
Machinery and equipment	1,452,594	17,892	(121,223)	1,349,263
Vehicles	721,031	47,788	-	768,819
Infrastructure	25,950,300	43,759	(7,752)	25,986,307
Total depreciable capital assets	44,056,672	231,230	(156,464)	44,131,438
Accumulated depreciation:				
Land improvements	(336,561)	(2,895)	-	(339,456)
Buildings and improvements	(11,567,208)	(383,280)	17,586	(11,932,902)
Machinery and equipment	(951,350)	(88,199)	117,663	(921,886)
Vehicles	(369,880)	(69,260)	-	(439,140)
Infrastructure	(9,718,307)	(397,923)	3,876	(10,112,354)
Total accumulated depreciation	(22,943,306)	(941,557)	139,125	(23,745,738)
Total capital assets being depreciated, net	21,113,366	(710,327)	(17,339)	20,385,700
Total Business-Type Activities	$ 30,325,015	$14,232,042	$ (17,339)	$ 44,539,718

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NOTE 9—LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 2023, were as follows:

Governmental Activities	**Balance 12/31/22**	**Issued**	**Retired**	**Balance 12/31/23**	**Amount Due Within One Year**
General Obligation Bonds					
2017 Various Purpose Refunding Bonds	$ 2,495,000	$ -	$ (145,000)	$ 2,350,000	$ 150,000
Unamortized bond premiums	91,883	-	(22,968)	68,915	-
Direct Placement					
Capital Facilities Bonds	2,568,700	-	(189,700)	2,379,000	133,000
Direct Borrowing					
Lease Purchase Obligations	3,458,130	-	(456,829)	3,001,301	467,204
OPWC Loans	-	100,000	-	100,000	3,333
Other Long-Term Obligations					
Compensated Absences	557,720	284,484	(322,797)	519,407	310,942
Total Governmental Activities	$ 9,171,433	$ 384,484	$ (1,137,294)	$ 8,418,623	$ 1,064,479

Business-Type Activities	**Balance 12/31/22**	**Issued**	**Retired**	**Balance 12/31/23**	**Amount Due Within One Year**
General Obligation Bonds					
2017 Various Purpose Refunding Bonds	$ 1,145,000	$ -	$ (180,000)	$ 965,000	$ 180,000
Unamortized bond premiums	33,329	-	(8,332)	24,997	-
Direct Borrowings					
Lease Purchase Obligations	-	527,624	-	527,624	167,572
OPWC Loans	719,351	-	(45,716)	673,635	45,716
OWDA Loans	7,668,951	14,703,084	(301,720)	22,070,315	68,323
Other Long-Term Obligations					
Compensated Absences	184,240	106,208	(85,486)	204,962	123,767
Total Business-Type Activities	$ 9,750,871	$ 15,336,916	$ (621,254)	$24,466,533	$ 585,378

NOTE 9—LONG-TERM OBLIGATIONS *(continued)*

Various Purpose General Obligation Refunding Bonds

On September 6, 2017, the City issued $5,020,000 in general obligation bonds for the purpose of financing an advance refunding of the remaining balances on the 2008 Various Purpose Bonds and to finance a current refunding for the 2016 Capital Facilities Bond Anticipation Note for the US Route 23 Connector. The bonds bear interest rates ranging from 2% to 4% and mature on December 1, 2037.

Of the total $5,020,000 issued, $3,170,000 was issued as governmental activities general obligation bonds and $1,850,000 was issued as business-type activities general obligation bonds. All are direct obligations and pledge the full faith and credit of the City for repayment. Bond payments relating to the governmental activities general obligation bonds are paid with income taxes from the general obligation bond retirement fund. Bond payments relating to the business-type activities general obligation bonds are paid from revenues from the operations of the water and sewer systems.

Direct Placements

Capital Facilities Bonds

On June 20, 2019, the City issued $306,000 in Series 2019 Capital Facilities Bonds for the purpose of paying the costs of acquiring real estate for park purposes. The bonds matured on December 1, 2023.

On October 5, 2022, the City issued $2,500,000 in Series 2022 Capital Facilities Bonds for the purpose of retiring the Series 2021 and Series 2022 bond anticipation notes. The bonds bear an interest rate of 3.66% and mature on December 1, 2037.

The Capital Facilities Bonds are backed by the full faith and credit of the City.

Direct Borrowings

Lease Purchase Obligations

In 2021, the City entered into a lease-purchase agreement for the acquisition of an ambulance in the amount of $267,349. This lease-purchase carries an interest rate of 1.60% and a maturity date of January 10, 2028. The lease-purchase is paid from the capital improvement fund.

In 2022, the City entered into a lease-purchase agreement for the acquisition of a vehicle in the amount of $265,259. This lease-purchase carries an interest rate of 1.768% and a maturity date of December 20, 2024. The lease-purchase is paid from the Circleville cable TV fund.

In 2022, the City entered into a lease-purchase agreement for the acquisition of three police vehicles in the amount of $177,000. This lease-purchase carries an interest rate of 1.808% and a maturity date of December 10, 2024. The lease-purchase is paid from the capital improvement fund.

NOTE 9—LONG-TERM OBLIGATIONS *(continued)*

In 2022, the City entered into a lease-purchase agreement for the acquisition of a street sweeper in the amount of $270,153. This lease-purchase carries an interest rate of 2.38% and a maturity date of January 10, 2028. The lease-purchase will be paid from the street construction, state highway improvement and capital improvement funds.

In 2022, the City entered into a lease-purchase agreement for energy efficiency improvements in the amount of $2,436,836. This lease-purchase carries an interest rate of 3.544% and a maturity date of August 1, 2037. The lease-purchase will be paid from the capital improvement fund, with transfers in from legal research and computer maintenance, waterworks operating and sanitary sewer operating funds for their share of the project.

In 2022, the City entered into a lease-purchase agreement for the acquisition of three police vehicles in the amount of $177,375. This lease-purchase carries an interest rate of 4.06% and a maturity date of September 9, 2025. The lease-purchase will be paid from the capital improvement fund.

In 2022, the City entered into a lease-purchase agreement for the acquisition of a vehicle in the amount of $60,375. This lease-purchase carries an interest rate of 4.91% and a maturity date of October 14, 2025. The lease-purchase will be paid from the capital improvement fund.

In 2022, the City entered into a lease-purchase agreement for the acquisition of a vehicle in the amount of $53,170. This lease-purchase carries an interest rate of 5.1% and a maturity date of October 28, 2027. The lease-purchase will be paid from the municipal probation service fund.

In 2023, the City entered into a lease-purchase agreement for the acquisition of a sewer jet vacuum truck in the amount of $527,624. This lease-purchase carries an interest rate of 4.875% and a maturity date of March 31, 2026. The lease-purchase will be paid from both the water and sewer enterprise funds.

In the event of default, as defined by the lease agreements, the lessors have the right to take possession of the secured assets, or declare all unpaid lease payments be immediately due and payable.

OPWC Loans

During 2015, the City received an interest-free twenty-year loan from the OPWC in the amount of $96,858 for the Force Main/Lift Station Project. Semi-annual payments are made to OPWC with the final payment due January 1, 2036. This loan is paid from the sanitary sewer operating fund.

During 2017, the City received an interest-free twenty-year loan from the OPWC in the amount of $817,466 for the Wastewater Treatment Plant Influent Pump Project. Semi-annual payments are made to OPWC with the final payment due July 1, 2038. This loan is paid from the sanitary sewer operating fund.

NOTE 9—LONG-TERM OBLIGATIONS *(continued)*

During 2023, the City received an interest-free thirty-year loan from the OPWC in the amount of $100,000 for Cedar Heights Road reconstruction. Semi-annual payments will be made to the OPWC beginning on January 1, 2024 with the final payment due July 1, 2053. This loan will be paid from the capital improvement fund.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

OWDA Loans

During 2021, the City entered into two OWDA loans to improve the Water Well No. 6. The first loan was for $472,606, with an interest rate of 1.64% and the second loan was for $95,150, with an interest rate of 2%, for a grand total of $567,756. As of December 31, 2023, $508,416 has been drawn down. The City began making payments in July 2023 based on an estimated amortization schedule (which will be finalized in 2024), with payments from the waterworks operating fund.

During 2021, the City entered into two OWDA loans for an Advance Metering Infrastructure (AMI) project. The first loan was for $2,886,799, with an interest rate of 1.5%, and the second loan was for $23,603, with an interest rate of 1.85%, for a grand total of $2,910,401. As of December 31, 2023, $2,821,532 has been drawn down. The City began making payments in July 2023 based on an estimated amortization schedule (which will be finalized in 2024) with payments from both the waterworks operating and sanitary sewer operating funds.

During 2022, the City entered into an OWDA loan for wastewater treatment plant improvements. The total authorized loan amount was $42,411,718, with an interest rate of 0.31%. As of December 31, 2023, $18,716,840 has been drawn. This project was ongoing; therefore, the loan amortization hasn't been finalized. It is estimated the City will begin making payments in January 2026, with payments from the sanitary sewer operating fund.

During 2022, the City was awarded an interest-free three-and-a-half-year loan from OWDA for an investigation and remediation project. The total authorized loan amount was $273,843. As of December 31, 2023, $161,312 had been drawn. In 2023, this project was rolled into a 2023 investigation and remediation project loan from OWDA that has a total authorized loan amount of $2,110,575, with an interest rate of 3.43%. This project was ongoing; therefore, the loan amortization hasn't been finalized. It is estimated the City will begin making payments in January 2026, with payments from the sanitary sewer operating fund.

During 2023 the City entered into an OWDA loan for waterline improvements at Circle Drive. The total authorized loan amount is $702,472 with an interest rate of 3.280%. As of December 31, 2023, $2,472 has been drawn. This project was ongoing; therefore, the loan amortization hasn't been finalized.

NOTE 9—LONG-TERM OBLIGATIONS *(continued)*

In the event of default, as defined by the OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

Annual debt service requirements to maturity for long-term obligations at December 31, 2023 are:

	Governmental Activities						
			Direct Placement		*Direct Borrowing*		
Year Ending	General Obligation Bonds		Capital Facilities Bonds		Lease-Purchase Obligations		OPWC
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	$ 150,000	$ 85,201	$ 133,000	$ 87,071	$ 467,204	$ 100,594	$ 3,333
2025	150,000	82,200	138,000	82,204	327,681	87,496	3,333
2026	160,000	79,200	143,000	77,153	196,280	76,923	3,333
2027	160,000	75,600	148,000	71,919	202,880	70,323	3,333
2028	165,000	69,200	154,000	66,502	197,395	63,494	3,333
2029-2033	805,000	251,000	857,000	243,902	831,837	228,360	16,665
2034-2038	760,000	77,400	806,000	75,030	778,024	70,133	16,665
2039-2043	-	-	-	-	-	-	16,665
2044-2048	-	-	-	-	-	-	16,670
2049-2053	-	-	-	-	-	-	16,670
	$ 2,350,000	$ 719,801	$ 2,379,000	$ 703,781	$ 3,001,301	$ 697,323	$ 100,000

	Business-Type Activities						
			Direct Borrowing				
Year Ending	General Obligation Bonds		Lease-Purchase Obligations		OWDA Loans		OPWC
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	$ 180,000	$ 27,875	$ 167,572	$ 25,723	$ 68,323	$ 24,410	$ 45,716
2025	190,000	24,275	175,742	17,553	138,207	47,260	45,716
2026	190,000	20,475	184,310	8,985	140,314	45,153	45,716
2027	200,000	16,200	-	-	142,453	43,015	45,716
2028	205,000	8,200	-	-	144,625	40,843	45,716
2029-2033	-	-	-	-	756,876	170,462	228,580
2034-2038	-	-	-	-	816,363	110,973	216,475
2039-2043	-	-	-	-	794,765	46,802	-
2044-2048	-	-	-	-	95,793	12,214	-
2049-2053	-	-	-	-	91,821	3,930	-
	$ 965,000	$ 97,025	$ 527,624	$ 52,261	$ 3,189,540	$ 545,062	$ 673,635

Note: Some OWDA loans were excluded from the above amortization schedules due to not being finalized as discussed above.

Compensated absences will be paid from the general fund, income tax fund, street construction and maintenance fund, city permissive motor vehicle fund, safety forces tax fund, municipal probation fund, waterworks operating fund and sewer operating fund. The City pays obligations related to employee compensation from the fund benefitting from their service, which are primarily the general, waterworks operating and sanitary sewer operating funds.

NOTE 9—LONG-TERM OBLIGATIONS *(continued)*

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

NOTE 10—DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees).

State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

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

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

Plan Description—Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

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

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $630,821 for 2023. Of this amount, $74,959 is reported as an intergovernmental payable.

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

Plan Description—The City's full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustment, 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 ORC. OP&F issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about OP&F's fiduciary net position. That report may be obtained by visiting https://www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit, and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

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 and statutory survivors.

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

Funding Policy—The 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 contributions to OP&F was $770,631 for 2023. Of this amount, $79,543 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of Net Pension Liability	$ 7,735,946	$ 12,249,637	$ 19,985,583
Proportion of Net Pension Liability	0.026188%	0.128957%	
Change in Proportion	0.000296%	0.002440%	
Pension Expense	$ 1,262,479	$ 1,743,716	$ 3,006,195

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 256,955	$ 183,738	$ 440,693
Net differences between projected and actual investment earnings	2,204,988	1,783,396	3,988,384
Change in assumptions	81,725	1,104,875	1,186,600
Change in proportionate share and difference in employer contributions	68,999	1,100,789	1,169,788
City contributions subsequent to the measurement date	630,821	770,631	1,401,452
	$ 3,243,488	$ 4,943,429	$ 8,186,917
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 279,083	$ 279,083
Change in assumptions	-	238,865	238,865
Change in proportionate share and difference in employer contributions	-	206,856	206,856
	$ -	$ 724,804	$ 724,804

$1,401,452 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F
Year Ending December 31:		
2024	$ 358,260	$ 453,288
2025	525,215	888,058
2026	649,035	952,806
2027	1,080,157	1,158,832
2028	-	(4,990)
	$ 2,612,667	$ 3,447,994

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

Actuarial Assumptions—OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (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 in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2023, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previous 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 of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees 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 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 Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

***Discount Rate*.** The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*.** The following chart represents the City's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	1% Decrease (5.9%)	Current Discount Rate of 6.9%	1% Increase (7.9%)
City's proportionate share of the net pension liability	$ 11,588,206	$ 7,735,946	$ 4,531,578

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

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 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.

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

Valuation date	January 1, 2022 with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	2.75% plus productivity increase rate of 0.5%
Inflation assumptions	2.75%
Cost of living adjustments	2.2% simple per year.

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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

The long-term expected rate of return on pension plan investments was determine using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 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 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
Cash and cash equivalents	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
	125.0%	

*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.

NOTE 10—DEFINED BENEFIT PENSION PLANS *(continued)*

Discount Rate. The total pension liability was calculated using the discount rate of 7.5%. 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 earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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 Employer'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 a discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate of 7.5%	1% Increase (8.5%)
City's proportionate share of the net pension liability	$ 16,159,632	$ 12,249,637	$ 8,999,254

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Net OPEB Liability

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

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

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description—OPERS

The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting 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 ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC. 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. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in 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 2023 was 4.0%.

The City's contractually required contribution to OPERS for OPEB was $4,859 for 2023.

Plan Description—OP&F

The City contributes to the OP&F stipend funded via the Health Care Stabilization Fund. This benefit is available to eligible members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. The stipend model allows eligible members the option of choosing an appropriate health care plan on the exchange. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The ORC 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 ORC.

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 ORC 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% and 24.0% of covered payroll for police and fire employer units. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is 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. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

The City's contractually required contribution to OP&F for OPEB was $17,758 for 2023.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

OPEB Liabilities, OPEB Expense, and Deferred Outflows and 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:

	OPERS	OP&F	Total
Proportionate Share of Net OPEB Liability	$ 160,354	$ 918,134	$ 1,078,488
Proportion of Net OPEB Liability	0.025432%	0.128957%	
Change in Proportion	0.000289%	0.002440%	
OPEB Expense	$ (257,693)	$ 79,356	$ (178,337)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ -	$ 54,789	$ 54,789
Net differences between projected and actual investment earnings	318,468	78,749	$ 397,217
Change in assumptions	156,621	457,547	614,168
Change in proportionate share and difference in employer contributions	6,582	245,630	252,212
City contributions subsequent to the measurement date	4,859	17,758	22,617
	$ 486,530	$ 854,473	$ 1,341,003

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

	OPERS	OP&F	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 39,999	$ 181,038	$ 221,037
Change in assumptions	12,887	750,960	763,847
Change in proportionate share and difference in employer contributions	-	138,260	138,260
	$ 52,886	$ 1,070,258	$ 1,123,144

$22,617 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F
Year Ending December 31:		
2024	$ 59,055	$ (9,495)
2025	116,574	6,499
2026	99,309	(17,906)
2027	153,847	1,915
2028	-	(49,777)
Thereafter	-	(164,779)
	$ 428,785	$ (233,543)

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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.22%
Prior measurement period	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	4.05%
Prior measurement period	1.84%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2036
Prior measurement period	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previous 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 of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees 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 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 portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

Discount Rate. A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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, the duration of the projection period through which projected health care payments are fully funded.

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

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%, as well as what the City's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (4.22%) or 1.0% point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate of 5.22%	1% Increase (6.22%)
City's proportionate share of the net OPEB liability / (asset)	$ 545,356	$ 160,354	$ (157,559)

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 OPEB 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% lower or 1.0% 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%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 150,189	$ 160,354	$ 171,536

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

Actuarial Assumptions—OP&F

OP&F's total OPEB liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022 and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement 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 benefit for financial 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 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 calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement period	4.27%
Prior measurement period	2.84%
Municipal bond rate:	
Current measurement period	3.65%
Prior measurement period	2.05%
Cost of living adjustments	2.2% simple per year

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

Best estimates of the long-term expected 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
Cash and cash equivalents	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
	125.0%	

*Note: Assumptions are geometric. * Levered 2.5x*

NOTE 11—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(continued)*

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

***Discount Rate*.** Total OPEB liability was calculated using the discount rate of 4.27%. The projection of cash flows used to determine the discount rate assumed the contributions 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%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5% was applied to periods before December 31, 2035 and the municipal bond rate of 3.65% at December 31, 2022 was applied to periods on and after December 31, 2035, resulting in a blended discount rate of 4.27%.

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%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.27%) and 1% point higher (5.27%) than the current discount rate.

	1% Decrease (3.27%)	Current Discount Rate of 4.27%	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	$ 1,130,596	$ 918,134	$ 738,762

NOTE 12—RISK MANAGEMENT

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. The City maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles, general liability insurance, crime and police professional liability insurance. The City also carries public officials and employment practices liability insurance. Settlements have not exceeded coverage in any of the last three years. The City has taken steps to counter the increase in the number of lawsuits filed in the areas of law enforcement. The City has instituted policies and procedures as recommended by the City's liability insurance carrier to prevent further lawsuits. In addition, advanced risk management training has been incorporated into the training cycle for the City's personnel. There has not been a significant reduction of coverage from the prior year and settled claims have not exceeded commercial coverage in any of the last three years.

The City pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated on accident history and administrative costs.

NOTE 13—OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the employee's anniversary date; thereafter, vacation leave accrues on a pro-rated basis each pay period depending upon length of service. A maximum of three years' accrual may be carried into the next calendar year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of four and six-tenths hours for every 80 hours worked and can be accumulated without limit. Upon retirement from the City, accumulated, unused sick leave is paid up to a maximum number of hours, depending on length of service, union contract guidelines, and/or City ordinance specifications.

B. Insurance Benefits

For the year, the City's health insurance was provided by United Healthcare; vision insurance was provided by Superior Vision Plan; dental insurance was provided by Delta Dental; and life and accident insurance was provided by Hartford Life and Colonial Life and Accident Insurance Company.

C. Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 14—SIGNIFICANT COMMITMENTS

A. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Capital Improvement .4% Income Tax Fund	$ 722,010
Other Governmental Funds	112,568
	$ 834,578

NOTE 14—SIGNIFICANT COMMITMENTS *(continued)*

B. Contractual Commitments

Project	Contract Amount	Expended	Outstanding Commitment
AMI Water Meter System	$ 2,910,401	$ 2,828,021	$ 82,380
WWTP Improvements	42,411,718	20,201,922	22,209,796

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

NOTE 15—INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2023, consisted of the following as reported on the fund financial statements:

	Transfers In	Transfers Out
Other Governmental Funds	$ 11,479	$ -
Waterworks Operating	-	8,553
Sanitary Sewer Operating	-	3,196
	$ 11,479	$ 11,749

The transfers from the waterworks and sanitary sewer operating funds to the governmental funds were to fund a portion of the lease-purchase payments for energy efficiency improvements.

NOTE 16—CONTINGENCIES

A. Litigation

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

B. Grants

The City received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2023.

NOTE 17—FUND BALANCES

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

Fund Balances	General Fund	Safety Forces Tax Fund	Safety Forces .5% Income Tax Fund	Capital Improvement .4% Income Tax Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	$ 16,762	$ -	$ -	$ -	$ 143,330	$ 160,092
Prepaids	78,302	38,902	18,050	4,222	11,332	150,808
Unclaimed funds	19,047	-	-	-	-	19,047
Total Nonspendable	114,111	38,902	18,050	4,222	154,662	329,947
Restricted for						
Road improvements	-	-	-	-	372,438	372,438
Public safety	-	711,059	1,098,343	-	439,425	2,248,827
Legal computer maintenance	-	-	-	-	907,565	907,565
Municipal court	-	-	-	-	516,928	516,928
Leisure time services	-	-	-	-	44,967	44,967
Community development	-	-	-	-	20,490	20,490
Debt service	-	-	-	-	183,305	183,305
Capital improvements	-	-	-	1,692,808	637	1,693,445
Other purposes	-	-	-	-	135,387	135,387
Total Restricted	-	711,059	1,098,343	1,692,808	2,621,142	6,123,352
Committed to						
Future severance payments	86,339	-	-	-	-	86,339
Income tax administration	-	-	-	-	162,276	162,276
Capital improvements	-	-	-	-	284,723	284,723
Cable franchise operations	-	-	-	-	157,574	157,574
Total Committed	86,339	-	-	-	604,573	690,912
Assigned to						
Other purposes	-	-	-	-	9,588	9,588
Subsequent year appropriations	996,719	-	-	-	-	996,719
Total Assigned	996,719	-	-	-	9,588	1,006,307
Unassigned	2,807,110	-	-	-	(128,405)	2,678,705
Total Fund Balance	$ 4,004,279	$ 749,961	$ 1,116,393	$ 1,697,030	$ 3,261,560	$ 10,829,223

At December 31, 2023 the Opioid Settlement fund has a deficit fund balance of $128,405. This deficit fund balance was created by the application of 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.

NOTE 18 – OHIO OPIOID SETTLEMENT

In 2021, Ohio reached an $808 million agreement with the three largest distributors of opioids. The state developed the OneOhio plan, a mechanism to ensure that any money from a negotiated settlement is distributed fairly to the communities hit hardest by the opioid crisis.

The settlement agreement allocates 30% to local governments, 55% to a foundation that will distribute funds to projects, and 15% to the Office of the Ohio Attorney General as Counsel for the State of Ohio. According to the terms of the settlement, these funds must be used for programs and services which (1) expand the availability of treatment for individuals affected by substance use disorders, (2) develop, promote and provide evidence-based substance use prevention strategies, (3) provide substance use avoidance and awareness education, (4) decrease the oversupply of licit and illicit opioids, and (5) support recovery from addiction services performed by qualified and appropriately licensed providers.

During 2023, the contingencies related to the specific settlements with certain distributors have been resolved, and these settlements can now be recognized as revenue to the extent collectible at December 31, 2023. As a result, the City of Circleville recognized an intergovernmental receivable for the OneOhio opioid funds settlement in the amount of $689,414 at December 31, 2023. Of this total, $688,073 is unavailable revenue as it is estimated to be distributed in annual increments through June 2038.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CIRCLEVILLE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.014036%	$ 1,654,662	$ 3,047,154	54.30%	86.36%
2015	0.014036%	1,692,898	2,699,592	62.71%	86.45%
2016	0.022936%	3,972,804	2,855,692	139.12%	81.08%
2017	0.023685%	5,378,435	3,060,733	175.72%	77.25%
2018	0.023332%	3,660,403	3,083,407	118.71%	84.66%
2019	0.024072%	6,592,833	3,251,371	202.77%	74.70%
2020	0.024301%	4,803,257	3,419,100	140.48%	82.17%
2021	0.024830%	3,676,782	3,497,114	105.14%	86.88%
2022	0.025892%	2,252,666	3,757,643	59.95%	92.62%
2023	0.026188%	7,735,946	4,059,436	190.57%	75.74%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 323,951	$ (323,951)	$ -	$ 2,699,592	12.00%
2015	342,683	(342,683)	-	2,855,692	12.00%
2016	367,288	(367,288)	-	3,060,733	12.00%
2017	400,843	(400,843)	-	3,083,407	13.00%
2018	455,192	(455,192)	-	3,251,371	14.00%
2019	478,674	(478,674)	-	3,419,100	14.00%
2020	489,596	(489,596)	-	3,497,114	14.00%
2021	526,070	(526,070)	-	3,757,643	14.00%
2022	568,321	(568,321)	-	4,059,436	14.00%
2023	630,821	(630,821)	-	4,505,864	14.00%

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

CITY OF CIRCLEVILLE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.110075%	$ 5,360,978	$ 1,719,308	311.81%	73.00%
2015	0.110075%	5,702,323	2,125,829	268.24%	72.20%
2016	0.115939%	7,458,437	2,368,955	314.84%	66.77%
2017	0.117753%	7,458,357	2,546,021	292.94%	68.36%
2018	0.108513%	6,659,936	2,397,883	277.74%	70.91%
2019	0.114433%	9,340,757	2,606,622	358.35%	63.07%
2020	0.103439%	6,968,177	2,608,881	267.09%	69.89%
2021	0.110576%	7,538,072	2,615,425	288.22%	70.65%
2022	0.126517%	7,904,028	3,452,017	228.97%	75.03%
2023	0.128957%	12,249,637	3,474,310	352.58%	62.90%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 460,655	$ (460,655)	$ -	$ 2,125,829	21.67%
2015	496,912	(496,912)	-	2,368,955	20.98%
2016	535,917	(535,917)	-	2,546,021	21.05%
2017	501,565	(501,565)	-	2,397,883	20.92%
2018	545,999	(545,999)	-	2,606,622	20.95%
2019	547,138	(547,138)	-	2,608,881	20.97%
2020	556,231	(556,231)	-	2,615,425	21.27%
2021	730,023	(730,023)	-	3,452,017	21.15%
2022	740,151	(740,151)	-	3,474,310	21.30%
2023	770,631	(770,631)	-	3,551,542	21.70%

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

CITY OF CIRCLEVILLE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability/(Asset)
and City OPEB Contributions
Ohio Public Employees Retirement System

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.023722%	$ 2,396,003	$ 3,060,733	78.28%	54.04%
2018	0.023160%	2,514,997	3,083,407	81.57%	54.14%
2019	0.023452%	3,057,587	3,251,371	94.04%	46.33%
2020	0.023592%	3,258,668	3,419,100	95.31%	47.80%
2021	0.024118%	(429,681)	3,497,114	(12.29%)	115.57%
2022	0.025143%	(787,522)	3,757,643	(20.96%)	128.23%
2023	0.025432%	160,354	4,059,436	3.95%	94.79%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 61,215	$ (61,215)	$ -	$ 3,060,733	2.00%
2017	30,834	(30,834)	-	3,083,407	1.00%
2018	-	-	-	3,251,371	0.00%
2019	-	-	-	3,419,100	0.00%
2020	-	-	-	3,497,114	0.00%
2021	-	-	-	3,757,643	0.00%
2022	3,488	(3,488)	-	4,059,436	0.09%
2023	4,859	(4,859)	-	4,505,864	0.11%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

(3) Information prior to 2016 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CIRCLEVILLE
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability
and City OPEB Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.117753%	$ 5,589,470	$ 2,546,021	219.54%	15.96%
2018	0.108513%	6,148,200	2,397,883	256.40%	14.13%
2019	0.114433%	1,042,088	2,606,622	39.98%	46.57%
2020	0.103439%	1,021,738	2,608,881	39.16%	47.08%
2021	0.110576%	1,171,572	2,615,425	44.79%	45.42%
2022	0.126517%	1,386,733	3,452,017	40.17%	46.90%
2023	0.128957%	918,134	3,474,310	26.43%	52.60%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 68,375	$ (68,375)	$ -	$ 2,125,829	3.22%
2015	11,845	(11,845)	-	2,368,955	0.50%
2016	12,730	(12,730)	-	2,546,021	0.50%
2017	11,989	(11,989)	-	2,397,883	0.50%
2018	13,033	(13,033)	-	2,606,622	0.50%
2019	13,044	(13,044)	-	2,608,881	0.50%
2020	13,077	(13,077)	-	2,615,425	0.50%
2021	17,260	(17,260)	-	3,452,017	0.50%
2022	17,371	(17,371)	-	3,474,310	0.50%
2023	17,758	(17,758)	-	3,551,542	0.50%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Pension Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

Notes to OPEB Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

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

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

In 2023, the single discount rate changed from 6.00% to 5.22% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2034 to 5.5% initial, 3.50% ultimate in 2036.

CITY OF CIRCLEVILLE
Required Supplementary Information
Notes to Required Supplementary Information
Ohio Police and Fire Pension Fund

Notes to Pension Information

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

In 2018, changes in assumptions were made based upon an updated experience study that was completed the for five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2022, the single discount rate changed from 8.0% to 7.5%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2021. Significant changes included transition from RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

Notes to OPEB Information

Changes of Benefit Terms

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model, depositing stipends into individual health reimbursements accounts that retirees will use to be reimbursed for health care expenses.

Changes of Assumptions

In 2018, the single discount rate changed from 3.79% to 3.24%.

In 2019, the single discount rate changed from 3.24% to 4.66%.

In 2020, the single discount rate changed from 4.66% to 3.56%.

In 2021, the single discount rate changed from 3.56% to 2.96%.

In 2022, the single discount rate changed from 2.96% to 2.84%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed the for five-year period ended December 31, 2012. Significant changes included an increase of the single discount rate from 2.84% to 4.27% and transition from the RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Circleville, Ohio:

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 Circleville, Ohio ("the City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item number 2023-001 that we consider to be a material weakness.

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 grants 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*.

City’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 30, 2024

2023-001 Material Weakness – Purchasing Controls

During the course of our audit, we identified a material weakness in purchasing controls. The City's Police Department procured equipment without proper approval by applying for a lease and accepting delivery of the equipment without obtaining approval from or notifying City Council, City Administration, or the City Auditor. This obligated the City to purchase equipment even though the purchase wasn't approved through appropriate channels.

We recommend the City enhance its monitoring controls and communications with departments to clearly define the purchasing process and strictly enforce it.

Views of Responsible Officials: *Management of the City agrees with the comment and has implemented monitoring controls to detect and prevent outlying purchases in the future.*

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CIRCLEVILLE

PICKAWAY 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 10/1/2024

65 East State Street, Columbus, Ohio 43215
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