



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF DELPHOS
ALLEN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis - For the Year Ended December 31, 2023	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - December 31, 2023	14
Statement of Activities - For the Year Ended December 31, 2023	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds - December 31, 2023	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - December 31, 2023	17
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds - For the Year Ended December 31, 2023	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - For the Year Ended December 31, 2023	19
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund - For the Year Ended December 31, 2023	20
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Street Maintenance Fund - For the Year Ended December 31, 2023	21
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Income Tax Fund - For the Year Ended December 31, 2023	22
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Park Fund - For the Year Ended December 31, 2023	23
Statement of Fund Net Position – Proprietary Funds - December 31, 2023	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds - For the Year Ended December 31, 2023	25
Statement of Cash Flows – Proprietary Funds - For the Year Ended December 31, 2023	26
Notes to the Basic Financial Statements - For the Year Ended December 31, 2023.....	27

**CITY OF DELPHOS
ALLEN COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability	72
Schedule of the City’s Contributions - Pension	74
Schedule of the City’s Proportionate Share of the Net OPEB Liability (Asset).....	76
Schedule of the City’s Contributions – OPEB	78
Notes to the Required Supplementary Information - For the Year Ended December 31, 2023	80
Management’s Discussion and Analysis - For the Year Ended December 31, 2022	83
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - December 31, 2022	92
Statement of Activities - For the Year Ended December 31, 2022	93
Fund Financial Statements:	
Balance Sheet - Governmental Funds - December 31, 2022.....	94
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - December 31, 2022	95
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds - For the Year Ended December 31, 2022	96
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - For the Year Ended December 31, 2022	97
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund - For the Year Ended December 31, 2022	98
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Street Maintenance Fund - For the Year Ended December 31, 2022	99
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Income Tax Fund - For the Year Ended December 31, 2022	100
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Park Fund - For the Year Ended December 31, 2022	101
Statement of Fund Net Position – Proprietary Funds - December 31, 2022	102

**CITY OF DELPHOS
ALLEN COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds - For the Year Ended December 31, 2022	103
Statement of Cash Flows – Proprietary Funds - For the Year Ended December 31, 2022	104
Notes to the Basic Financial Statements - For the Year Ended December 31, 2022.....	105
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability	149
Schedule of the City’s Contributions - Pension.....	151
Schedule of the City’s Proportionate Share of the Net OPEB Liability (Asset).....	153
Schedule of the City’s Contributions – OPEB	155
Notes to the Required Supplementary Information - For the Year Ended December 31, 2022	157
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	159
Schedule of Findings.....	161

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

City of Delphos
Allen County
608 North Canal Street
Delphos, Ohio 45833

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delphos, Allen County, Ohio (the City), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delphos, Allen County, Ohio as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Maintenance, Income Tax, and Park funds for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2022, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 17, 2024

This page intentionally left blank.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The discussion and analysis of the City of Delphos' (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 \$7,641,395 from 2022. Net position of governmental activities increased \$4,828,828. Net position of business-type activities increased \$2,812,567.
- Total capital assets increased \$6,729,037 in 2023. Capital assets of governmental activities increased \$3,884,881 and capital assets of business-type activities increased \$2,844,156.
- Outstanding debt increased from \$28,064,505 to \$28,458,553.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2023 and how they affected the operations of the City as a whole.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City, the general fund is by far the most significant fund. Business-type funds consist of the water, sewer and sanitation funds.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

A question typically asked about the City's finances "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community development, leisure time services and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer and sanitation funds are reported as business activities.

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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, street maintenance fund, the income tax fund, the park fund, the Gressel Drive relocation fund, and the ODOT South Main Street fund.

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Assets						
Current & Other Assets	\$ 8,889,571	\$ 7,750,597	\$ 1,138,974	\$ 4,691,030	\$ 4,846,235	\$ (155,205)
Net OPEB Asset	-	106,454	(106,454)	-	173,686	(173,686)
Capital Assets	13,498,085	9,613,204	3,884,881	53,443,313	50,599,157	2,844,156
<i>Total Assets</i>	<u>22,387,656</u>	<u>17,470,255</u>	<u>4,917,401</u>	<u>58,134,343</u>	<u>55,619,078</u>	<u>2,515,265</u>
Deferred Outflows of Resources						
Pension & OPEB	2,043,303	1,451,257	592,046	774,929	236,564	538,365
<i>Total Deferred Outflows of Resources</i>	<u>2,043,303</u>	<u>1,451,257</u>	<u>592,046</u>	<u>774,929</u>	<u>236,564</u>	<u>538,365</u>
Liabilities						
Current & Other Liabilities	625,541	747,541	(122,000)	358,507	954,871	(596,364)
Long-Term Liabilities:						
Due Within One Year	122,144	113,019	9,125	3,446,614	3,362,312	84,302
Due In More Than One Year:						
Net Pension Liability	4,823,059	2,998,811	1,824,248	1,651,660	499,076	1,152,584
Net OPEB Liability	304,136	472,463	(168,327)	34,078	-	34,078
Other Amounts	446,408	415,646	30,762	25,496,721	25,154,979	341,742
<i>Total Liabilities</i>	<u>6,321,288</u>	<u>4,747,480</u>	<u>1,573,808</u>	<u>30,987,580</u>	<u>29,971,238</u>	<u>1,016,342</u>
Deferred Inflows of Resources						
Property Taxes	454,067	425,985	28,082	-	-	-
Other	-	-	-	442,539	467,125	(24,586)
Pension & OPEB	838,528	1,759,799	(921,271)	33,607	784,300	(750,693)
<i>Total Deferred Inflows of Resources</i>	<u>1,292,595</u>	<u>2,185,784</u>	<u>(893,189)</u>	<u>476,146</u>	<u>1,251,425</u>	<u>(775,279)</u>
Net Investment in Capital Assets	13,490,585	9,613,204	3,877,381	25,360,215	22,491,414	2,868,801
Restricted	2,317,127	2,175,535	141,592	-	-	-
Unrestricted	1,009,364	199,509	809,855	2,085,331	2,141,565	(56,234)
<i>Total Net Position</i>	<u>\$ 16,817,076</u>	<u>\$ 11,988,248</u>	<u>\$ 4,828,828</u>	<u>\$ 27,445,546</u>	<u>\$ 24,632,979</u>	<u>\$ 2,812,567</u>

The net pension liability (NPL) one of the largest single liability's reported by the City at December 31, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Capital assets include, land, land improvements, buildings, vehicles, equipment, infrastructure and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted.

For governmental type activities, the City saw an increase in current and other assets and an increase in capital assets. Cash and cash equivalents increased in 2023 which offset the decrease in cash and cash equivalents with fiscal agents. The decrease was a result of the timing of expenditures paid versus incurred for a City ODOT project. Capital assets increased in 2023 due to the completion of an ODOT project. The City also has three ODOT projects still under construction.

For business type activities, the City saw an increase in capital assets. The City has several ongoing water and sewer projects as well as five that were completed during 2023. These projects include the completion of the Water Tower, South Main Street Waterline, Valve Isolation, Skinner Street Waterline, and the Ricker Street Lift Station. Current liabilities decreased as a result of a decrease in contracts and retainage payable.

For both governmental and business-type activities, the changes reflected in NPL, NOL and deferred outflows/inflows of resources relating to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

This space intentionally left blank.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 718,866	\$ 735,112	\$ (16,246)	\$ 6,467,343	\$ 6,145,268	\$ 322,075
Operating Grants	611,332	619,719	(8,387)	291,041	69,606	221,435
Capital Grants and Contributions	2,903,419	533,464	2,369,955	509,093	-	509,093
<i>Total Program Revenues</i>	<u>4,233,617</u>	<u>1,888,295</u>	<u>2,345,322</u>	<u>7,267,477</u>	<u>6,214,874</u>	<u>1,052,603</u>
General Revenues						
Property Taxes	511,915	505,160	6,755	-	-	-
Income Taxes	5,093,806	4,435,507	658,299	-	-	-
Grants & Entitlements	371,701	479,308	(107,607)	-	-	-
Other	696,795	24,813	671,982	21,781	12,351	9,430
<i>Total General Revenues</i>	<u>6,674,217</u>	<u>5,444,788</u>	<u>1,229,429</u>	<u>21,781</u>	<u>12,351</u>	<u>9,430</u>
<i>Total Revenues</i>	<u>10,907,834</u>	<u>7,333,083</u>	<u>3,574,751</u>	<u>7,289,258</u>	<u>6,227,225</u>	<u>1,062,033</u>
Program Expenses						
General Government	434,813	490,003	(55,190)	-	-	-
Security of Persons and Property	2,882,102	2,436,866	445,236	-	-	-
Public Health	50,490	72,604	(22,114)	-	-	-
Leisure Time Activities	712,243	621,696	90,547	-	-	-
Transportation	706,782	934,452	(227,670)	-	-	-
Enterprise Operations						
Water	-	-	-	2,392,277	2,071,858	320,419
Sewer	-	-	-	2,757,418	2,453,991	303,427
Sanitation	-	-	-	619,572	562,740	56,832
<i>Total Expenses</i>	<u>4,786,430</u>	<u>4,555,621</u>	<u>230,809</u>	<u>5,769,267</u>	<u>5,088,589</u>	<u>680,678</u>
<i>Increase (Decrease) in Net Position</i>	<u>6,121,404</u>	<u>2,777,462</u>	<u>3,343,942</u>	<u>1,519,991</u>	<u>1,138,636</u>	<u>381,355</u>
Transfers	(1,292,576)	(1,221,051)	(71,525)	1,292,576	1,221,051	71,525
<i>Change in Net Position</i>	<u>4,828,828</u>	<u>1,556,411</u>	<u>3,272,417</u>	<u>2,812,567</u>	<u>2,359,687</u>	<u>452,880</u>
<i>Net Position Beginning of Year</i>	<u>11,988,248</u>	<u>10,431,837</u>	<u>1,556,411</u>	<u>24,632,979</u>	<u>22,273,292</u>	<u>2,359,687</u>
<i>Net Position End of Year</i>	<u>\$ 16,817,076</u>	<u>\$ 11,988,248</u>	<u>\$ 4,828,828</u>	<u>\$ 27,445,546</u>	<u>\$ 24,632,979</u>	<u>\$ 2,812,567</u>

The City's overall net position increased from the prior year and the reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements and charges for services.

General revenues include grants and entitlements, such as local government funds. With the combination of property tax, income tax and intergovernmental funding all expenses in the governmental activities are funded. The City monitors its sources of revenues very closely for fluctuations.

The City saw an increase in capital grants during 2023. The increase in capital grants is primarily the result of contributions and donations received for the City's ODOT projects during the year.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Income tax revenue increased in 2023 due to increase in collections. Other revenue increased during 2023 due to an increase in refunds to the ODOT State Highway Paving Fund.

Police and fire represent the largest expense of the Governmental Activities. The police and fire departments operate primarily out of the general fund. The increase in security of persons and property is due to increases in GASB 68 and 75 accruals.

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 a cemetery (public health) and a park (leisure time services) within the City.

Business-Type Activities

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. Capital grants increased significantly in 2023, primarily the result of an OWDA loan forgiveness in 2023. See discussion regarding proprietary funds for additional analysis.

The City's Funds

Governmental 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.

<u>Fund</u>	<u>Fund Balance</u>		
	<u>12/31/2023</u>	<u>12/31/2022 *</u>	<u>Change</u>
General	\$ 3,886,619	\$ 2,926,242	\$ 960,377
Street Maintenance	542,158	474,259	67,899
Income Tax	531,427	501,624	29,803
Park	339,137	338,031	1,106
Gressel Drive Relocation	171,420	1,805	169,615
ODOT South Main Street	283,072	762,821	(479,749)
<i>*Restated</i>			

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 increased investment income, income tax revenue and decreased transfers to other funds.

The Street Maintenance fund balance increased by \$67,899 due to timing of state funding as compared to project expenditures.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The Income Tax fund balance increased by \$29,803. There were no significant events that contributed to this change.

The Park fund balance increased by \$1,106. There were no significant events that contributed to this change.

The Gressel Drive Relocation fund balance increased this year due to increase grant revenue and transfers from other funds.

The ODOT South Main Street fund balance decreased this year due to the increase in construction work on the ODOT project.

Proprietary Funds

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.

Unrestricted net position of the water fund at the end of the year was (\$34,440), the sewer fund was \$2,038,214, and the sanitation fund was \$71,895. Total growth in net position for the water, sewer and sanitation funds was \$1,159,024, \$1,577,515, and \$57,574, respectively. Capital grants and contributions increased in 2023 due to loan forgiveness for OWDA loans in the water fund. All funds were impacted by the accruals for pension and OPEB.

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.

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

There were no changes to the original budget during the fiscal year.

Final Budget Compared to Actual Results

Actual revenues were higher than budgeted amounts as income tax collections and investment income were higher than estimated.

Actual expenses were significantly lower than final budgeted amounts due decreases in expenses related to security of persons and property.

Actual transfers in/out were less than expected.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Capital Assets and Debt Administration

Capital Assets

Overall, capital assets of governmental activities increased significantly in 2023. The City completed one ODOT construction project in 2023 and has three ODOT constructions projects in progress during 2023.

Capital assets of business-type activities increased in 2023. The most significant additions were the completion of various construction projects in 2023, which include the Water Tower, South Main Street Waterline, Valve Isolation, Skinner Street Waterline, and the Ricker Street Lift Station.

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

Debt

The City's outstanding debt increase is primarily due to new drawdowns for several ongoing business-type construction projects, as previously mentioned. See Note 13 for additional information about the City's outstanding debt.

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 Auditor of City of Delphos, 608 North Canal Street, Delphos, Ohio 45833-2401 or call (419) 695-4010.

City of Delphos
Allen County, Ohio
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,967,137	\$ 3,392,386	\$ 9,359,523
Cash and Cash Equivalents with Fiscal Agents	319,883	-	319,883
Accounts Receivable	227,171	797,873	1,025,044
Intergovernmental Receivable	438,101	-	438,101
Property and Other Local Taxes Receivable	462,761	-	462,761
Income Taxes Receivable	1,346,587	-	1,346,587
Leases Receivable	-	470,405	470,405
Internal Balances	90,338	(90,338)	-
Prepaid Items	37,593	27,592	65,185
Restricted Cash and Cash Equivalents	-	93,112	93,112
Non-Depreciable Capital Assets	4,896,060	7,898,674	12,794,734
Depreciable Capital Assets, net	8,602,025	45,544,639	54,146,664
<i>Total Assets</i>	<u>22,387,656</u>	<u>58,134,343</u>	<u>80,521,999</u>
Deferred Outflows of Resources			
Pension	1,714,071	673,486	2,387,557
OPEB	329,232	101,443	430,675
<i>Total Deferred Outflows of Resources</i>	<u>2,043,303</u>	<u>774,929</u>	<u>2,818,232</u>
Liabilities			
Accounts Payable	87,953	97,055	185,008
Accrued Wages	37,912	17,556	55,468
Contracts Payable	7,500	121,562	129,062
Retainage Payable	-	10,478	10,478
Intergovernmental Payable	32,945	12,490	45,435
Claims Payable	11,020	-	11,020
Matured Compensated Absences Payable	-	6,254	6,254
Refundable Deposits	-	93,112	93,112
Unearned Revenue	448,211	-	448,211
Long-Term Liabilities:			
Due Within One Year	122,144	3,446,614	3,568,758
Due In More Than One Year:			
Net Pension Liability	4,823,059	1,651,660	6,474,719
Net OPEB Liability	304,136	34,078	338,214
Other Amounts Due in More Than One Year	446,408	25,496,721	25,943,129
<i>Total Liabilities</i>	<u>6,321,288</u>	<u>30,987,580</u>	<u>37,308,868</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	454,067	-	454,067
Lease	-	442,539	442,539
Pension	491,972	22,238	514,210
OPEB	346,556	11,369	357,925
<i>Total Deferred Inflows of Resources</i>	<u>1,292,595</u>	<u>476,146</u>	<u>1,768,741</u>
Net Position			
Net Investment in Capital Assets	13,490,585	25,360,215	38,850,800
Restricted for:			
Capital Outlay	697,342	-	697,342
Streets	1,073,155	-	1,073,155
Public Safety	173,261	-	173,261
Economic Development	7,914	-	7,914
Other Purposes	365,455	-	365,455
Unrestricted	1,009,364	2,085,331	3,094,695
<i>Total Net Position</i>	<u>\$ 16,817,076</u>	<u>\$ 27,445,546</u>	<u>\$ 44,262,622</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	
Governmental Activities						
General Government	\$ 434,813	\$ 52,664	\$ -	\$ -	\$ (382,149)	\$ -
Security of Persons and Property	2,882,102	522,787	23,319	-	(2,335,996)	-
Public Health	50,490	-	-	-	(50,490)	-
Leisure Time Services	712,243	141,660	11,000	-	(559,583)	-
Community Development	-	855	-	-	855	-
Transportation	706,782	900	577,013	2,903,419	2,774,550	-
<i>Total Governmental Activities</i>	<u>4,786,430</u>	<u>718,866</u>	<u>611,332</u>	<u>2,903,419</u>	<u>(552,813)</u>	<u>-</u>
Business-Type Activities						
Water	2,392,277	2,780,627	252,429	509,093	-	1,149,872
Sewer	2,757,418	3,009,329	38,612	-	-	290,523
Sanitation	619,572	677,387	-	-	-	57,815
<i>Total Business-Type Activities</i>	<u>5,769,267</u>	<u>6,467,343</u>	<u>291,041</u>	<u>509,093</u>	<u>-</u>	<u>1,498,210</u>
<i>Total</i>	<u>\$ 10,555,697</u>	<u>\$ 7,186,209</u>	<u>\$ 902,373</u>	<u>\$ 3,412,512</u>	<u>(552,813)</u>	<u>1,498,210</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					445,144	-
Police and Fire Pension					66,771	-
Income Taxes Levied for:						
General Purposes					2,975,730	-
Administrative and Sewer System Improvements					1,387,302	-
Parks & Recreation					730,774	-
Grants and Entitlements not Restricted to Specific Programs					371,701	-
Investment Earnings					244,082	7,209
Miscellaneous					452,713	14,572
<i>Total General Revenues</i>					<u>6,674,217</u>	<u>21,781</u>
Transfers					(1,292,576)	1,292,576
<i>Total General Revenues and Transfers</i>					<u>5,381,641</u>	<u>1,314,357</u>
<i>Change in Net Position</i>					<u>4,828,828</u>	<u>2,812,567</u>
<i>Net Position Beginning of Year</i>					<u>11,988,248</u>	<u>24,632,979</u>
<i>Net Position End of Year</i>					<u>\$ 16,817,076</u>	<u>\$ 27,445,546</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2023

	General	Street Maintenance	Income Tax	Park	Gressel Drive Relocation	ODOT South Main Street	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 3,487,022	\$ 450,851	\$ 412,136	\$ 270,895	\$ 178,920	\$ 3,400	\$ 1,163,913	\$ 5,967,137
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	-	279,672	-	279,672
Accounts Receivable	154,363	72,808	-	-	-	-	-	227,171
Intergovernmental Receivable	109,298	296,394	-	-	-	-	32,409	438,101
Taxes Receivable	399,061	-	-	-	-	-	63,700	462,761
Income Taxes Receivable	848,541	-	289,632	208,414	-	-	-	1,346,587
Advances to Other Funds	100,000	-	-	-	-	-	-	100,000
Prepaid Items	29,220	2,539	-	5,834	-	-	-	37,593
<i>Total Assets</i>	<u>\$ 5,127,505</u>	<u>\$ 822,592</u>	<u>\$ 701,768</u>	<u>\$ 485,143</u>	<u>\$ 178,920</u>	<u>\$ 283,072</u>	<u>\$ 1,260,022</u>	<u>\$ 8,859,022</u>
Liabilities								
Accounts Payable	\$ 60,910	\$ 6,258	\$ 19,400	\$ 1,385	\$ -	\$ -	\$ -	\$ 87,953
Accrued Wages	32,618	2,221	827	2,246	-	-	-	37,912
Contracts Payable	-	-	-	-	7,500	-	-	7,500
Intergovernmental Payable	2,985	1,551	587	1,598	-	-	26,224	32,945
Unearned Revenue	-	-	-	-	-	-	448,211	448,211
<i>Total Liabilities</i>	<u>96,513</u>	<u>10,030</u>	<u>20,814</u>	<u>5,229</u>	<u>7,500</u>	<u>-</u>	<u>474,435</u>	<u>614,521</u>
Deferred Inflows of Resources								
Property Taxes Levied for the Next Year	391,505	-	-	-	-	-	62,562	454,067
Unavailable Revenue	752,868	270,404	149,527	140,777	-	-	21,818	1,335,394
<i>Total Deferred Inflows of Resources</i>	<u>1,144,373</u>	<u>270,404</u>	<u>149,527</u>	<u>140,777</u>	<u>-</u>	<u>-</u>	<u>84,380</u>	<u>1,789,461</u>
Fund Balances								
Nonspendable	133,216	2,539	-	5,834	-	-	-	141,589
Restricted	-	539,619	-	333,303	171,420	283,072	680,307	2,007,721
Committed	-	-	531,427	-	-	-	20,900	552,327
Assigned	2,651,265	-	-	-	-	-	-	2,651,265
Unassigned	1,102,138	-	-	-	-	-	-	1,102,138
<i>Total Fund Balance</i>	<u>3,886,619</u>	<u>542,158</u>	<u>531,427</u>	<u>339,137</u>	<u>171,420</u>	<u>283,072</u>	<u>701,207</u>	<u>6,455,040</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 5,127,505</u>	<u>\$ 822,592</u>	<u>\$ 701,768</u>	<u>\$ 485,143</u>	<u>\$ 178,920</u>	<u>\$ 283,072</u>	<u>\$ 1,260,022</u>	<u>\$ 8,859,022</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023

Total Governmental Fund Balances	\$	6,455,040
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,498,085
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 6,829	
Income Tax	863,465	
Intergovernmental	298,724	
Charges for Services	93,568	
Accounts	<u>72,808</u>	1,335,394
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		19,529
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	1,714,071	
Deferred Outflows - OPEB	329,232	
Net Pension Liability	(4,823,059)	
Net OPEB Liability	(304,136)	
Deferred Inflows - Pension	(491,972)	
Deferred Inflows - OPEB	<u>(346,556)</u>	(3,922,420)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		<u>(568,552)</u>
<i>Net Position of Governmental Activities</i>	<u>\$</u>	<u>16,817,076</u>

See accompanying notes to the basic financial statements.

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

	General	Street Maintenance	Income Tax	Park	Gressel Drive Relocation	ODOT South Main Street	Other Governmental Funds	Total Governmental Funds
Revenues								
Property and Other Local Taxes	\$ 446,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,921	\$ 513,126
Income Taxes	2,870,312	-	1,347,820	704,881	-	-	-	4,923,013
Charges for Services	666,959	-	-	-	-	-	855	667,814
Licenses and Permits	56,269	-	-	-	-	-	900	57,169
Fines and Forfeitures	-	-	-	-	-	-	14,173	14,173
Intergovernmental	358,295	501,956	-	10,000	248,483	-	86,371	1,205,105
Investment Income	242,484	-	-	-	-	-	-	242,484
Rent	600	-	-	-	-	-	-	600
Contributions and Donations	-	-	-	1,000	-	-	14,451	15,451
Miscellaneous	46,933	1,620	-	240	-	-	331,112	379,905
<i>Total Revenues</i>	<u>4,688,057</u>	<u>503,576</u>	<u>1,347,820</u>	<u>716,121</u>	<u>248,483</u>	<u>-</u>	<u>514,783</u>	<u>8,018,840</u>
Expenditures								
Current:								
General Government	215,563	2,749	68,017	-	-	114,060	4,650	405,039
Security of Persons and Property	2,445,492	-	-	-	-	-	290,234	2,735,726
Public Health	50,490	-	-	-	-	-	-	50,490
Leisure Time Activities	-	-	-	715,015	-	-	-	715,015
Transportation	137,917	592,928	-	-	-	-	33,102	763,947
Capital Outlay	-	-	-	-	578,868	480,434	23,200	1,082,502
<i>Total Expenditures</i>	<u>2,849,462</u>	<u>595,677</u>	<u>68,017</u>	<u>715,015</u>	<u>578,868</u>	<u>594,494</u>	<u>351,186</u>	<u>5,752,719</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,838,595</u>	<u>(92,101)</u>	<u>1,279,803</u>	<u>1,106</u>	<u>(330,385)</u>	<u>(594,494)</u>	<u>163,597</u>	<u>2,266,121</u>
Other Financing Sources (Uses)								
Transfers In	312,227	400,000	-	-	500,000	114,745	415,700	1,742,672
Transfers Out	(1,190,445)	(240,000)	(1,250,000)	-	-	-	(354,803)	(3,035,248)
<i>Total Other Financing Sources (Uses)</i>	<u>(878,218)</u>	<u>160,000</u>	<u>(1,250,000)</u>	<u>-</u>	<u>500,000</u>	<u>114,745</u>	<u>60,897</u>	<u>(1,292,576)</u>
<i>Net Change in Fund Balances</i>	<u>960,377</u>	<u>67,899</u>	<u>29,803</u>	<u>1,106</u>	<u>169,615</u>	<u>(479,749)</u>	<u>224,494</u>	<u>973,545</u>
<i>Fund Balances Beginning of Year, Restated</i>	<u>2,926,242</u>	<u>474,259</u>	<u>501,624</u>	<u>338,031</u>	<u>1,805</u>	<u>762,821</u>	<u>476,713</u>	<u>5,481,495</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,886,619</u>	<u>\$ 542,158</u>	<u>\$ 531,427</u>	<u>\$ 339,137</u>	<u>\$ 171,420</u>	<u>\$ 283,072</u>	<u>\$ 701,207</u>	<u>\$ 6,455,040</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds	\$	973,545
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 4,353,101	
Current Year Depreciation	(462,120)	3,890,981
<hr/>		
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(6,100)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(1,211)	
Income Tax	170,793	
Intergovernmental	10,960	
Charges for Services	(20,890)	
Accounts	72,808	232,460
<hr/>		
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	334,313	
OPEB	6,185	340,498
<hr/>		
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(593,014)	
OPEB	3,458	(589,556)
<hr/>		
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		26,887
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		(39,887)
<hr/>		
<i>Change in Net Position of Governmental Activities</i>	\$	<u>4,828,828</u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 374,061	\$ 374,061	\$ 414,199	\$ 40,138
Income Taxes	2,300,000	2,300,000	2,889,167	589,167
Other Local Taxes	20,402	20,402	32,151	11,749
Charges for Services	618,136	618,136	650,441	32,305
Licenses and Permits	46,000	46,000	56,269	10,269
Intergovernmental	336,220	336,220	361,159	24,939
Investment Income	40,000	40,000	243,461	203,461
Rent	-	-	600	600
Miscellaneous	11,000	11,000	46,042	35,042
<i>Total Revenues</i>	<u>3,745,819</u>	<u>3,745,819</u>	<u>4,693,489</u>	<u>947,670</u>
Expenditures				
Current:				
General Government	354,272	354,272	211,133	143,139
Security of Persons and Property	4,098,940	4,098,940	2,658,160	1,440,780
Public Health	83,881	83,881	49,990	33,891
Transportation	236,213	236,213	140,774	95,439
<i>Total Expenditures</i>	<u>4,773,306</u>	<u>4,773,306</u>	<u>3,060,057</u>	<u>1,713,249</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,027,487)</u>	<u>(1,027,487)</u>	<u>1,633,432</u>	<u>2,660,919</u>
Other Financing Sources (Uses)				
Transfers In	542,705	542,705	312,227	(230,478)
Transfers Out	(1,997,516)	(1,997,516)	(1,190,445)	807,071
<i>Total Other Financing Sources (Uses)</i>	<u>(1,454,811)</u>	<u>(1,454,811)</u>	<u>(878,218)</u>	<u>576,593</u>
<i>Net Change in Fund Balance</i>	<u>(2,482,298)</u>	<u>(2,482,298)</u>	<u>755,214</u>	<u>3,237,512</u>
<i>Fund Balance Beginning of Year</i>	2,012,537	2,012,537	2,012,537	-
Prior Year Encumbrances Appropriated	471,245	471,245	471,245	-
<i>Fund Balance End of Year</i>	<u>\$ 1,484</u>	<u>\$ 1,484</u>	<u>\$ 3,238,996</u>	<u>\$ 3,237,512</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	445,000	445,000	495,228	50,228
Miscellaneous	-	-	1,620	1,620
<i>Total Revenues</i>	<u>445,000</u>	<u>445,000</u>	<u>496,848</u>	<u>51,848</u>
Expenditures				
Current:				
General Government	\$ 4,061	\$ 4,061	\$ 2,749	\$ 1,312
Transportation	876,740	876,740	613,255	263,485
<i>Total Expenditures</i>	<u>880,801</u>	<u>880,801</u>	<u>616,004</u>	<u>264,797</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(435,801)</u>	<u>(435,801)</u>	<u>(119,156)</u>	<u>316,645</u>
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	-
Transfers Out	(354,504)	(354,504)	(240,000)	114,504
<i>Total Other Financing Sources (Uses)</i>	<u>45,496</u>	<u>45,496</u>	<u>160,000</u>	<u>114,504</u>
<i>Net Change in Fund Balance</i>	(390,305)	(390,305)	40,844	431,149
<i>Fund Balance Beginning of Year</i>	322,685	322,685	322,685	-
Prior Year Encumbrances Appropriated	67,626	67,626	67,626	-
<i>Fund Balance End of Year</i>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 431,155</u>	<u>\$ 431,149</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,357,413	\$ 57,413
<i>Total Revenues</i>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,357,413</u>	<u>57,413</u>
Expenditures				
Current:				
General Government	420,988	420,988	66,265	354,723
<i>Total Expenditures</i>	<u>420,988</u>	<u>420,988</u>	<u>66,265</u>	<u>354,723</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>879,012</u>	<u>879,012</u>	<u>1,291,148</u>	<u>412,136</u>
Other Financing Sources (Uses)				
Transfers Out	(1,250,000)	(1,250,000)	(1,250,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(370,988)</u>	<u>(370,988)</u>	<u>41,148</u>	<u>412,136</u>
<i>Fund Balance Beginning of Year</i>	<u>370,988</u>	<u>370,988</u>	<u>370,988</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,136</u>	<u>\$ 412,136</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$ 613,001	\$ 613,001	\$ 709,512	\$ 96,511
Intergovernmental	-	-	10,000	10,000
Contributions and Donations	1,000	1,000	1,000	-
Miscellaneous	-	-	240	240
<i>Total Revenues</i>	<u>614,001</u>	<u>614,001</u>	<u>720,752</u>	<u>106,751</u>
Expenditures				
Current:				
Leisure Time Activities	879,737	879,737	715,593	164,144
<i>Total Expenditures</i>	<u>879,737</u>	<u>879,737</u>	<u>715,593</u>	<u>164,144</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(265,736)</u>	<u>(265,736)</u>	<u>5,159</u>	<u>270,895</u>
<i>Net Change in Fund Balance</i>	(265,736)	(265,736)	5,159	270,895
<i>Fund Balance Beginning of Year</i>	<u>265,736</u>	<u>265,736</u>	<u>265,736</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,895</u>	<u>\$ 270,895</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 822,456	\$ 2,498,185	\$ 71,745	\$ 3,392,386	\$ -
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	40,211
Accounts Receivable	338,961	389,333	69,579	797,873	-
Lease Receivable	16,700	-	-	16,700	-
Prepaid Items	12,532	15,060	-	27,592	-
<i>Total Current Assets</i>	<u>1,190,649</u>	<u>2,902,578</u>	<u>141,324</u>	<u>4,234,551</u>	<u>40,211</u>
<i>Non-Current Assets:</i>					
Lease Receivable	453,705	-	-	453,705	-
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	39,106	45,913	8,093	93,112	-
Non-Depreciable Capital Assets	275,742	7,622,932	-	7,898,674	-
Depreciable Capital Assets, Net	22,391,862	23,152,777	-	45,544,639	-
<i>Total Non-Current Assets</i>	<u>23,160,415</u>	<u>30,821,622</u>	<u>8,093</u>	<u>53,990,130</u>	<u>-</u>
<i>Total Assets</i>	<u>24,351,064</u>	<u>33,724,200</u>	<u>149,417</u>	<u>58,224,681</u>	<u>40,211</u>
Deferred Outflows of Resources					
Pension	316,950	345,594	10,942	673,486	-
OPEB	48,220	51,563	1,660	101,443	-
<i>Total Deferred Outflows of Resources</i>	<u>365,170</u>	<u>397,157</u>	<u>12,602</u>	<u>774,929</u>	<u>-</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	15,465	27,901	53,689	97,055	-
Accrued Wages and Benefits	9,013	8,267	276	17,556	-
Contracts Payable	107,853	13,709	-	121,562	-
Retainage Payable	10,478	-	-	10,478	-
Intergovernmental Payable	6,190	6,107	193	12,490	-
Matured Compensated Absences Payable	-	6,254	-	6,254	-
Claims Payable	-	-	-	-	11,020
Compensated Absences Payable	45,139	42,681	-	87,820	-
OPWC Loans Payable	68,258	32,000	-	100,258	-
OWDA Loans Payable	1,088,229	2,170,307	-	3,258,536	-
Refundable Deposits	39,106	45,913	8,093	93,112	-
<i>Total Current Liabilities</i>	<u>1,389,731</u>	<u>2,353,139</u>	<u>62,251</u>	<u>3,805,121</u>	<u>11,020</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable - Net of Current Portion	178,570	218,392	-	396,962	-
OPWC Loans Payable - Net of Current Portion	937,263	384,000	-	1,321,263	-
OWDA Loans Payable - Net of Current Portion	8,466,903	15,311,593	-	23,778,496	-
Advances from Other Funds	-	100,000	-	100,000	-
Net Pension Liability	785,216	839,368	27,076	1,651,660	-
Net OPEB Liability	16,201	17,318	559	34,078	-
<i>Total Long-Term Liabilities</i>	<u>10,384,153</u>	<u>16,870,671</u>	<u>27,635</u>	<u>27,282,459</u>	<u>-</u>
<i>Total Liabilities</i>	<u>11,773,884</u>	<u>19,223,810</u>	<u>89,886</u>	<u>31,087,580</u>	<u>11,020</u>
Deferred Inflows of Resources					
Pension	22,184	-	54	22,238	-
OPEB	5,474	5,711	184	11,369	-
Lease	442,539	-	-	442,539	-
<i>Total Deferred Inflows of Resources</i>	<u>470,197</u>	<u>5,711</u>	<u>238</u>	<u>476,146</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	12,506,593	12,853,622	-	25,360,215	-
Unrestricted	(34,440)	2,038,214	71,895	2,075,669	29,191
<i>Total Net Position</i>	<u>\$ 12,472,153</u>	<u>\$ 14,891,836</u>	<u>\$ 71,895</u>	<u>\$ 27,435,884</u>	<u>\$ 29,191</u>

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.

Net Position of business-type activities

9,662
\$ 27,445,546

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
Operating Revenues					
Charges for Services	\$ 2,755,897	\$ 3,009,329	\$ 677,387	\$ 6,442,613	\$ 581,680
Lease	24,730	-	-	24,730	-
Other	11,836	2,736	-	14,572	9,716
<i>Total Operating Revenues</i>	<u>2,792,463</u>	<u>3,012,065</u>	<u>677,387</u>	<u>6,481,915</u>	<u>591,396</u>
Operating Expenses					
Personal Services	661,195	659,614	30,218	1,351,027	-
Fringe Benefits	27,304	43,246	729	71,279	-
Contractual Services	442,688	714,842	583,056	1,740,586	244,264
Materials and Supplies	518,049	423,357	5,810	947,216	-
Claims	-	-	-	-	303,389
Depreciation	599,992	919,095	-	1,519,087	-
<i>Total Operating Expenses</i>	<u>2,249,228</u>	<u>2,760,154</u>	<u>619,813</u>	<u>5,629,195</u>	<u>547,653</u>
<i>Operating Income (Loss)</i>	<u>543,235</u>	<u>251,911</u>	<u>57,574</u>	<u>852,720</u>	<u>43,743</u>
Non-Operating Revenues (Expenses)					
Intergovernmental	252,429	38,612	-	291,041	-
Interest	7,209	-	-	7,209	1,598
Interest and Fiscal Charges	(152,942)	(5,584)	-	(158,526)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>106,696</u>	<u>33,028</u>	<u>-</u>	<u>139,724</u>	<u>1,598</u>
<i>Income (Loss) Before Capital Contributions and Transfers</i>	649,931	284,939	57,574	992,444	45,341
Capital Contributions	509,093	-	-	509,093	-
Transfers In	-	1,292,576	-	1,292,576	-
<i>Change in Net Position</i>	1,159,024	1,577,515	57,574	2,794,113	45,341
<i>Net Position Beginning of Year, Restated</i>	<u>11,313,129</u>	<u>13,314,321</u>	<u>14,321</u>	<u>24,641,771</u>	<u>(16,150)</u>
<i>Net Position End of Year</i>	<u>\$ 12,472,153</u>	<u>\$ 14,891,836</u>	<u>\$ 71,895</u>	<u>\$ 27,435,884</u>	<u>\$ 29,191</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				<u>18,454</u>	
Changes in Net Position of Business-Type Activities				<u>\$ 2,812,567</u>	

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,737,857	\$ 2,988,511	\$ 672,327	\$ 6,398,695	\$ 581,680
Cash Received from Lease	23,805	-	-	23,805	-
Cash Received from Other Operating Receipts	7,473	5,843	699	14,015	9,716
Cash Payments to Suppliers for Goods and Services	(540,190)	(414,355)	(5,779)	(960,324)	-
Cash Payments to Employees for Services and Benefits	(642,127)	(647,204)	(30,182)	(1,319,513)	-
Cash Payments for Contractual Services	(463,988)	(770,165)	(632,252)	(1,866,405)	(244,264)
Cash Payments for Claims	-	-	-	-	(371,525)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,122,830</u>	<u>1,162,630</u>	<u>4,813</u>	<u>2,290,273</u>	<u>(24,393)</u>
Cash Flows from Noncapital Financing Activities					
Intergovernmental Revenue	252,429	38,612	-	291,041	-
Transfers In	-	1,292,576	-	1,292,576	-
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>252,429</u>	<u>1,331,188</u>	<u>-</u>	<u>1,583,617</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds of OWDA Loans	1,820,397	2,290,190	-	4,110,587	-
Acquisition of Capital Assets	(2,349,350)	(2,478,788)	-	(4,828,138)	-
Capital Contributions	70,160	-	-	70,160	-
Principal Payments on Debt	(1,098,298)	(2,179,308)	-	(3,277,606)	-
Interest Payments on Debt	(152,942)	(5,584)	-	(158,526)	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(1,710,033)</u>	<u>(2,373,490)</u>	<u>-</u>	<u>(4,083,523)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest Income	7,209	-	-	7,209	1,598
<i>Net Cash Provided by Investing Activities</i>	<u>7,209</u>	<u>-</u>	<u>-</u>	<u>7,209</u>	<u>1,598</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(327,565)	120,328	4,813	(202,424)	(22,795)
<i>Cash and Cash Equivalents Beginning of Year, Restated</i>	<u>1,189,127</u>	<u>2,423,770</u>	<u>75,025</u>	<u>3,687,922</u>	<u>63,006</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 861,562</u>	<u>\$ 2,544,098</u>	<u>\$ 79,838</u>	<u>\$ 3,485,498</u>	<u>\$ 40,211</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

Operating Income (Loss)	\$ 543,235	\$ 251,911	\$ 57,574	\$ 852,720	\$ 43,743
Adjustments:					
Depreciation	599,992	919,095	-	1,519,087	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(18,040)	(20,818)	(5,060)	(43,918)	-
Prepaid Items	(2,644)	1,315	30	(1,299)	-
Lease Receivable	16,452	-	-	16,452	-
Net OPEB Asset	86,843	84,042	2,801	173,686	-
Deferred Outflows - Pension/OPEB	(247,059)	(282,333)	(8,973)	(538,365)	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	(42,925)	(49,840)	(49,015)	(141,780)	-
Accrued Wages	120	(1,103)	(5)	(988)	-
Intergovernmental Payable	5	(180)	-	(175)	-
Refundable Deposits	2,233	2,438	549	5,220	-
Claims Payable	-	-	-	-	(68,136)
Compensated Absences Payable	21,684	10,312	-	31,996	-
Matured Compensated Absences Payable	-	6,254	-	6,254	-
Deferred Inflows - Pension/OPEB	(364,359)	(373,661)	(12,673)	(750,693)	-
Deferred Inflows - Lease	(24,586)	-	-	(24,586)	-
Net Pension Liability	535,678	597,880	19,026	1,152,584	-
Net OPEB Liability	16,201	17,318	559	34,078	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,122,830</u>	<u>\$ 1,162,630</u>	<u>\$ 4,813</u>	<u>\$ 2,290,273</u>	<u>\$ (24,393)</u>

Noncash Capital Financing Activities:

The City purchased \$118,331 and \$229,120 of capital assets on account for the water fund in 2023 and 2022, respectively.
The City purchased \$13,709 and \$367,815 of capital assets on account for the sewer fund in 2023 and 2022, respectively.
The City received capital contributions for principal forgiveness in the water fund from OWDA in the amount of \$438,933 in 2023.

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1: REPORTING ENTITY

The City of Delphos, Ohio (the “City”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City is directed by a seven-member Council, of which three seats are elected at-large and four by City ward for four year terms. The Council President votes to break a tie. The Mayor is elected to a four-year term.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The City provides various services, including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), water and sewer, sanitation and general administrative and legislative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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 either the City is able to significantly influence the programs or services performed or provided by the organization; or the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. Currently, the City has no component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the City's accounting policies are described below.

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. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

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

B. Fund Accounting

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

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

General Fund The general fund is used to account for all financial resources except those 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.

Street Maintenance Fund The street maintenance special revenue fund is required by the Ohio Revised Code to account for state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Income Tax Fund Per City Ordinance, this fund receives 29 percent of the City's income tax levy. Administrative costs of the income tax department are paid from this fund, and any residual funds are transferred to the sewer fund for sewer system improvements.

Park Fund Per City Ordinance, this fund receives 14 percent of the City's income tax levy. This represents a 0.25 percent voter approved levy that was originally passed in 2014, renewed in 2017 and renewed again in 2020, for an additional five years. Administrative and maintenance costs of the park fund are paid from this fund.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Gressel Drive Relocation Fund The Gressel Drive Relocation Fund is a Capital Projects fund to account for the Gressel Drive Relocation project.

ODOT South Main Street Fund the ODOT South Main Street is a Capital Projects fund to account for the ODOT South Main Street project.

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 Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service:

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.

Water Fund The water fund accounts for the provision of water service to the residents and commercial users located within and outside of the City.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within and outside of the City.

Sanitation Fund The sanitation fund accounts for sanitation service to its residential users located within and outside of the City.

Internal Service Fund The internal service fund accounts for the financing of service provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City uses an internal service fund to account for the operation of the City's self-insurance program for employee medical benefits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and 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.

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 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.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities 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 position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

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 5). Revenue from grants, entitlements and donations is recognized in the fiscal 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 non-exchange transactions must also be available before it can be recognized.

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

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 position 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 pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental 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 charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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. Pooled Cash and Investments

To improve cash management, 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. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The City participates in The Jefferson Health Plan self-insurance program and the Cities cash balance held by Jefferson Health Plan is reported as "Cash and Cash Equivalents with Fiscal Agent". The City has paid cash for local portions of ODOT projects before the expenditures are incurred. These amounts are reported as "Cash and Cash Equivalents with Fiscal Agent". Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy. Interest receipt credited to the general fund during 2023 amounted to \$242,484, which includes \$166,121 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. 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.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

G. Capital Assets

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

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

All reported capital assets, except for 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 replacement. The City's infrastructure consists of water and sewer lines and roads. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Governmental and Business-Type Activities Estimated Useful Life
Land Improvements	15-30 years
Buildings	10-50 years
Vehicles	5-15 years
Equipment	5-20 years
Infrastructure	50 years

H. Interfund Balances

On the fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "Advances to/from Other Funds".

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if, 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. A liability for vacation leave is based on the vacation leave accumulated at December 31, 2023. Sick leave benefits are accrued as a liability using the termination payments method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources and is recorded as an expenditure and fund liability of the governmental fund that will pay it.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The entire compensated absences liability is reported on the government-wide statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

J. 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.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related 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.

L. 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. As of year-end, no net position was restricted for enabling legislation.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

M. 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 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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.

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. City Council has by resolution authorized the City Auditor to assign fund balance. 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.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation and insurance funds. 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 this definition are reported as nonoperating.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2023.

Q. Estimates

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

R. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, 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 resolution 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 object level within each department in the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

The appropriations resolution 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 resolution 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.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, grants or outside contributions of resources restricted to capital acquisition and construction.

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the 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 the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assigned, committed or restricted fund balance (GAAP).
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 for the general and major special revenue funds.

Net Change in Fund Balance

	General	Street Maintenance	Income Tax	Park
GAAP Basis	\$ 960,377	\$ 67,899	\$ 29,803	\$ 1,106
Net Adjustment for Revenue Accruals	6,636	(6,728)	9,593	4,631
Net Adjustment for Expenditure Accruals	(431,535)	(40,027)	1,752	(578)
Funds Budgeted Elsewhere *	4,391	-	-	-
Adjustment for Encumbrances	215,345	19,700	-	-
Budget Basis	<u>\$ 755,214</u>	<u>\$ 40,844</u>	<u>\$ 41,148</u>	<u>\$ 5,159</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

* 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 unclaimed funds and hospitalization fund.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guarantee 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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed two hundred and seventy days from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At December 31, 2023 the City had \$370 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At December 31, 2023, \$9,210,746 of the City's bank balance of \$9,583,637 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- 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. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Funds Held by Fiscal Agent - The City participates in the Jefferson Health Plan for employee benefits. The City has \$40,211 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium. The City has an ongoing road resurfacing project with the Ohio Department of Transportation. Due to the timing of when expenses were paid by the City and costs were incurred for this project, the City has \$279,672 representing ODOT South Main Street Fund's cash and cash equivalents with fiscal agent.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 5: TAXES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of the 2022 taxes.

2023 real property taxes were levied after October 1, 2023 on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$6.75 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:

	<u>Allen County</u>	<u>Van Wert County</u>
Real Property	\$ 79,807,450	\$ 40,299,680
Public Utilities - Real	11,480	-
Public Utilities - Personal	3,046,880	2,088,750
Total Assessed Value	\$ 82,865,810	\$ 42,388,430

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Income Taxes

The City levies an income tax of 1.75 percent on all income earned within the City, as well as incomes of City residents earned outside the City. Residents are granted a 0.75 percent credit on income earned and taxed by another Ohio municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The City allocates income tax receipts to the general, income tax and park funds. The income tax is to be divided 57 percent to the general fund, 29 percent to the income tax fund and 14 percent to the park fund with any expenditures of the income tax process to be charged to the income tax fund and the remainder to be transferred to the sewer fund for sewer system improvements. The amount allocated to the park fund represents a 0.25 percent voter approved levy that was originally passed in 2014, renewed in 2017 and renewed again in 2020, for an additional five years.

C. Tax Abatements

The City has four Enterprise Zone Agreements and one CRA Agreement, for a total 2023 abated amount of \$142,420.

NOTE 6: RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts (billings for user charged services), long-term advances, leases and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

NOTE 7: INTERFUND ACTIVITY

A. Interfund Transfers

Following is a summary of transfers in and out for all funds for 2023:

Transfer To	Transfer From				Total
	General	Income Tax	Street Maintenance	Other Governmental	
General	\$ -	\$ -	\$ -	\$ 312,227	\$ 312,227
Street Maintenance	400,000	-	-	-	400,000
Gressel Drive Relocation	500,000	-	-	-	500,000
ODOT South Main Street	114,745	-	-	-	114,745
Nonmajor Governmental	175,700	-	240,000	-	415,700
Sewer Fund	-	1,250,000	-	42,576	1,292,576
<i>Total</i>	<u>\$ 1,190,445</u>	<u>\$ 1,250,000</u>	<u>\$ 240,000</u>	<u>\$ 354,803</u>	<u>\$ 3,035,248</u>

The general fund made transfers of \$400,000, \$500,000, \$114,745 and \$175,700 to the street maintenance, Gressel Drive relocation, ODOT South Main Street and other governmental funds, respectively, to provide additional resources for current operations. The \$1,250,000 transfer from the income tax fund to the sewer fund was in accordance with the City's income tax ordinance. The street fund transferred \$240,000 to other governmental funds to provide the costs of the East 7th Street Paving OPWC. The ODOT Paving fund transferred \$312,227 and \$42,576 to the general fund and the sewer fund, respectively, to return funds not needed for projects.

B. Advances to and Advances from Other Funds

During a prior year the general fund advanced \$100,000 to the sewer fund for engineering fees for the wastewater treatment plant improvement project. This will be repaid to the general fund once the project is completed.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8: CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended December 31, 2023 was as follows:

Governmental Activities	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 523,860	\$ -	\$ (6,100)	\$ 517,760
Construction in progress	4,448,118	3,820,797	(3,890,615)	4,378,300
Total capital assets, not being depreciated	<u>4,971,978</u>	<u>3,820,797</u>	<u>(3,896,715)</u>	<u>4,896,060</u>
Capital assets, being depreciated:				
Buildings	1,915,277	-	-	1,915,277
Land improvements	2,830,646	63,680	-	2,894,326
Vehicles	1,952,402	232,594	(34,862)	2,150,134
Equipment	2,322,155	193,867	-	2,516,022
Infrastructure	2,070,907	3,932,778	-	6,003,685
Total capital assets, being depreciated	<u>11,091,387</u>	<u>4,422,919</u>	<u>(34,862)</u>	<u>15,479,444</u>
Less: accumulated depreciation				
Buildings	(1,261,619)	(39,113)	-	(1,300,732)
Land improvements	(1,685,026)	(92,605)	-	(1,777,631)
Vehicles	(1,746,153)	(62,928)	34,862	(1,774,219)
Equipment	(1,334,193)	(139,157)	-	(1,473,350)
Infrastructure	(423,170)	(128,317)	-	(551,487)
Total accumulated depreciation	<u>(6,450,161)</u>	<u>(462,120)</u>	<u>34,862</u>	<u>(6,877,419)</u>
Total capital assets being depreciated, net	<u>4,641,226</u>	<u>3,960,799</u>	<u>-</u>	<u>8,602,025</u>
Governmental activities capital assets, net	<u>\$ 9,613,204</u>	<u>\$ 7,781,596</u>	<u>\$ (3,896,715)</u>	<u>\$ 13,498,085</u>

Depreciation expense was charged to the function/program of the governmental functions as follows:

<u>Governmental Activities:</u>	
General government	\$ 15,208
Security of persons and property	138,664
Leisure time services	143,989
Transportation	164,259
Total Depreciation Expense	<u>\$ 462,120</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The business-type activities capital asset activity for the fiscal year ended December 31, 2023 was as follows:

Business-Type Activities	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 889,207	\$ -	\$ -	\$ 889,207
Construction in progress	8,829,675	3,939,358	(5,759,566)	7,009,467
Total capital assets, not being depreciated	<u>9,718,882</u>	<u>3,939,358</u>	<u>(5,759,566)</u>	<u>7,898,674</u>
Capital assets, being depreciated:				
Buildings	36,353,931	-	(500,000)	35,853,931
Land improvements	4,462,442	18,330	-	4,480,772
Vehicles	763,480	223,180	-	986,660
Equipment	19,383,838	275,763	(7,200)	19,652,401
Infrastructure	19,232,421	5,666,178	-	24,898,599
Total capital assets, being depreciated	<u>80,196,112</u>	<u>6,183,451</u>	<u>(507,200)</u>	<u>85,872,363</u>
Less: accumulated depreciation				
Buildings	(12,809,595)	(710,227)	500,000	(13,019,822)
Land improvements	(1,654,460)	(102,080)	-	(1,756,540)
Vehicles	(576,785)	(60,524)	-	(637,309)
Equipment	(16,257,892)	(288,725)	7,200	(16,539,417)
Infrastructure	(8,017,105)	(357,531)	-	(8,374,636)
Total accumulated depreciation	<u>(39,315,837)</u>	<u>(1,519,087)</u>	<u>507,200</u>	<u>(40,327,724)</u>
Total capital assets being depreciated, net	<u>40,880,275</u>	<u>4,664,364</u>	<u>-</u>	<u>45,544,639</u>
Business-type activities capital assets, net	<u>\$ 50,599,157</u>	<u>\$ 8,603,722</u>	<u>\$ (5,759,566)</u>	<u>\$ 53,443,313</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$197,827 for 2023. Of this amount, \$14,894 is reported as an intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

	<u>Police</u>	<u>Firefighters</u>
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	<u>0.50</u>	<u>0.50</u>
 Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
 Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$257,160 for 2023. Of this amount, \$19,998 is reported as an intergovernmental payable.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

The net pension liability for OPERS was measured as of December 31, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.009166%	0.0396575%	
Prior Measurement Period	0.009252%	0.0431046%	
Change in Proportion	<u>-0.000086%</u>	<u>-0.0034471%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 2,707,640	\$ 3,767,079	\$ 6,474,719
Pension Expense	\$ 383,102	\$ 456,492	\$ 839,594

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 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			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 771,765	\$ 548,442	\$ 1,320,207
Differences between Expected and			
Actual Experience	89,937	56,505	146,442
Changes of Assumptions	28,604	339,774	368,378
Changes in Proportionate Share and			
Differences in Contributions	17,697	79,846	97,543
City Contributions Subsequent			
to the Measurement Date	197,827	257,160	454,987
Total Deferred Outflows of Resources	<u>\$ 1,105,830</u>	<u>\$ 1,281,727</u>	<u>\$ 2,387,557</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 85,825	\$ 85,825
Changes of Assumptions	-	73,457	73,457
Changes in Proportionate Share and			
Differences in Contributions	22,238	332,690	354,928
Total Deferred Inflows of Resources	<u>\$ 22,238</u>	<u>\$ 491,972</u>	<u>\$ 514,210</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

\$454,987 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 103,174	\$ 18,333	\$ 121,507
2025	177,359	138,373	315,732
2026	227,168	160,169	387,337
2027	378,064	256,726	634,790
2028	-	(41,006)	(41,006)
Total	<u>\$ 885,765</u>	<u>\$ 532,595</u>	<u>\$ 1,418,360</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.10 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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 for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 4,055,955	\$ 2,707,640	\$ 1,586,085

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

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 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

For 2022, the mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted to 96.20 percent for males and 98.70 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

City of Delphos
Allen County, Ohio

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

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Note: Assumptions are geometric.

* levered 2.5x

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 4,969,503	\$ 3,767,079	\$ 2,767,502

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 9 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

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

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

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

age 60 if they have at least 20 years of qualifying health care service credit.

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

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

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

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

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution was 2023.

Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$6,185 for 2023. Of this amount, \$481 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.008860%	0.0396575%	
Prior Measurement Period	0.008944%	0.0431046%	
Change in Proportion	-0.000084%	-0.0034471%	
 Proportionate Share of the Net			
OPEB Liability	\$ 55,864	\$ 282,350	\$ 338,214
OPEB Expense	\$ (108,904)	\$ 50,830	\$ (58,074)

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	\$ 110,948	\$ 24,220	\$ 135,168
Differences between Expected and			
Actual Experience	-	16,849	16,849
Changes of Assumptions	54,564	140,704	195,268
Changes in Proportionate Share and			
Differences in Contributions	790	76,415	77,205
City Contributions Subsequent			
to the Measurement Date	-	6,185	6,185
Total Deferred Outflows of Resources	<u>\$ 166,302</u>	<u>\$ 264,373</u>	<u>\$ 430,675</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 13,934	\$ 55,673	\$ 69,607
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	4,490	230,937	235,427
Changes in Proportionate Share and			
Differences in Contributions	131	52,760	52,891
Total Deferred Inflows of Resources	<u>\$ 18,555</u>	<u>\$ 339,370</u>	<u>\$ 357,925</u>

\$6,185 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 18,998	\$ 23,352	\$ 42,350
2025	40,554	19,744	60,298
2026	34,598	(18,854)	15,744
2027	53,597	(11,778)	41,819
2028	-	(27,522)	(27,522)
Thereafter	-	(66,124)	(66,124)
Total	<u>\$ 147,747</u>	<u>\$ (81,182)</u>	<u>\$ 66,565</u>

Actuarial Assumptions – OPERS

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent	2.75 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent, initial	5.50 percent, initial
	3.50 percent, ultimate in 2036	3.50 percent, ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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 Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 190,136	\$ 55,864	\$ (54,932)

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 or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 52,363	\$ 55,864	\$ 59,805

Actuarial Assumptions – OP&F

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	4.27 Percent
Prior Measurement Date	2.84 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year
Projected Depletion Year of OPEB Assets	2036

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

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

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

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

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 347,687	\$ 282,350	\$ 227,188

NOTE 11: COMMITMENTS

A. Contractual Commitments

The City had the following contractual commitment outstanding at December 31, 2023:

	Contractual Commitment	Expended	Balance 12/31/2023
Cass Central	\$ 261,956	\$ 98,948	\$ 163,008
4th Street Waterline	26,000	-	26,000
Gressel Drive Relocation- Roadway	1,596,370	496,966	1,099,404
Plow and Spreader for Truck	19,700	-	19,700
South Clay Street Waterline	33,600	19,355	14,245
South Main Street Paving	934,463	654,791	279,672
WWTP Improvements Phase 3	6,068,592	6,006,882	61,710
	\$ 8,940,681	\$ 7,276,942	\$ 1,663,739

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments 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.

B. Other Commitments

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund	Amount
General	\$ 215,345
Street Maintenance	19,700
Gressel Drive Relocatoin	1,099,404
Other Governmental	14,245
Total	\$ 1,348,694

NOTE 12: COMPENSATED ABSENCES

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. All full time employees shall be required to accumulate a total of 1,040 (1,440 for fire fighters) hours sick leave, after which an employee may elect one of the following options for current sick leave at the end of each calendar year: 1) Carry forward the balance. 2) Receive a cash benefit which equals one (1) hour base rate of pay for every two (2) hours of unused current sick leave. The cash benefit is not subject to contributions to any of the retirement systems. Employees earn vacation at different rates which are also affected by length of service. Vacation can be carried over at different limits depending on the negotiated agreements and/or policy and procedure manual. Any exceptions to these must be approved by the City’s Safety Service Director. Overtime worked is either paid to employees on the paycheck for the period in which it was worked or accumulated as comp time.

The City does pay off personal time; if an employee has over 20 years of consecutive years of service they receive 40 extra personal hours per year. These 40 hours are subject for cash benefit. Also if an employee is retiring or resigns they receive cash benefit of the balance of their personal hours

Upon retirement, an employee can be paid up to one half of their accumulated hours of sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not used.

NOTE 13: LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the City during 2023 were as follows:

	Outstanding 1/1/2023	Additions	Adjustments	Deletions	Outstanding 12/31/2023	Amounts Due In One Year
Governmental Activities:						
<i>Other Long-Term Obligations:</i>						
Net Pension Liability	\$ 2,998,811	\$ 1,824,248	\$ -	\$ -	\$ 4,823,059	\$ -
Net OPEB Liability	472,463	-	-	(168,327)	304,136	-
Compensated Absences	528,665	195,775	-	(155,888)	568,552	122,144
<i>Total Governmental Activities</i>						
<i>Other Long-Term Obligations:</i>	<u>\$ 3,999,939</u>	<u>\$ 2,020,023</u>	<u>\$ -</u>	<u>\$ (324,215)</u>	<u>\$ 5,695,747</u>	<u>\$ 122,144</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Business-Type Activities:	Outstanding 1/1/2023	Additions	Adjustments	Deletions	Outstanding 12/31/2023	Amounts Due In One Year
Direct Borrowings:						
<i>OWDA loans:</i>						
2005 OWDA loan	\$ 8,929,559	\$ -	\$ -	\$ (1,752,221)	\$ 7,177,338	\$ 1,768,907
2006 OWDA loan	4,950,955	-	-	(860,341)	4,090,614	877,634
2007 OWDA loan	534,462	-	-	(25,972)	508,490	27,107
2007 OWDA loan	184,291	-	-	(35,406)	148,885	36,118
2013 OWDA loan	34,606	-	-	(2,993)	31,613	3,053
2017 OWDA loan	3,813,529	-	-	(149,550)	3,663,979	149,550
2019 OWDA loan *	4,261,092	2,230,156	-	(232,566)	6,258,682	232,566
2020 OWDA loan	2,541,859	416,737	-	(94,115)	2,864,481	94,417
2020 OWDA loan	92,923	-	-	(3,204)	89,719	3,204
2021 OWDA loan	323,952	-	-	(7,761)	316,191	8,864
2022 OWDA loan	506,641	929	-	(8,006)	499,564	16,057
2022 OWDA loan	357,968	1,273,790	(394,692)	-	1,237,066	30,639
2022 OWDA loan *	10,886	25,309	-	(5,210)	30,985	10,420
2023 OWDA loan *	-	128,941	(44,241)	-	84,700	-
2023 OWDA loan *	-	34,725	-	-	34,725	-
2023 OWDA loan *	-	70,160	(70,160)	-	-	-
Total OWDA Loans	26,542,723	4,180,747	(509,093)	(3,177,345)	27,037,032	3,258,536
<i>OPWC Loans:</i>						
2007 OPWC loan	57,190	-	-	(8,799)	48,391	8,798
2015 OPWC loan	448,000	-	-	(32,000)	416,000	32,000
2016 OPWC loan	553,697	-	-	(35,724)	517,973	35,722
2021 OPWC loan	462,895	-	-	(23,738)	439,157	23,738
Total OPWC Loans	1,521,782	-	-	(100,261)	1,421,521	100,258
Total Direct Borrowings	28,064,505	4,180,747	(509,093)	(3,277,606)	28,458,553	3,358,794
Other Long-Term Obligations:						
Net Pension Liability	499,076	1,152,584	-	-	1,651,660	-
Net OPEB Liability	-	34,078	-	-	34,078	-
Compensated Absences	452,786	164,023	-	(132,027)	484,782	87,820
Total Other Long-Term Obligations	951,862	1,350,685	-	(132,027)	2,170,520	87,820
Total Business-Type Activities, Long-Term Liabilities	\$ 29,016,367	\$ 5,531,432	\$ (509,093)	\$ (3,409,633)	\$ 30,629,073	\$ 3,446,614

Direct Borrowings

The 2005 Ohio Water Development Authority (OWDA) loan was for construction of a new wastewater treatment plant. The full amount of the loan was \$32,843,045, matures in the year 2028.

The 2006 and 2007 Ohio Water Development Authority (OWDA) loans were for construction of a new water treatment plant and reservoir. The loan amounts are \$15,294,870 and \$635,090 respectively. The loans bear interest rates of 2.00 percent and 4.32 percent respectively. The water treatment plant was up and running in October 2007. Revenue of the facilities will be pledged to repay the debt. Both loans mature in the year 2028.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The 2007 Ohio Water Development Authority (OWDA) loan was for the construction of an upground water reservoir tank. The full amount of the loan was \$789,208, matures in the year 2037 and bears an interest rate of 2.00 percent.

The 2007 Ohio Public Works Commission (OPWC) loan is for the construction of an upground waterline. Construction was started and completed in 2007. The full amount of the loan was \$175,968 and matures in the year 2028. The City water system revenues will be used for the principal repayment.

The 2013 Ohio Water Development Authority (OWDA) loan is for the construction of a waterline loop. Construction was started in 2013. The loan was approved for \$60,257. The City's water system revenues will be used for the principal repayment. This loan matures in the year 2033 and bears an interest rate of 2.00 percent.

The 2015 Ohio Public Works Commission (OPWC) loan is for improvements to the wastewater treatment plant. Construction was started in 2015. The full amount of the loan is \$640,000 and matures in the year 2036. The City sewer system revenues will be used for the principal repayment.

The 2016 Ohio Public Works Commission (OPWC) loan is for water meter replacement. The full amount of the loan is \$714,447 and matures in the year 2037. The City water system revenues will be used for the principal repayment.

The 2017 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant. Construction was started in 2017. The loan amount is \$4,486,505. The City's sewer system revenues will be used for the principal repayment. This loan matures in the year 2048 and bears an interest rate of 0.00 percent.

The 2019 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant's membranes. The loan was approved for \$7,207,125, of which \$6,491,248 had been drawn down as of December 31, 2023. The City's sewer system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for an elevated water tank replacement. The loan was approved for \$82,850, all of which had been drawn down as of December 31, 2023. This loan was rolled into the 2021 (OWDA) loan that was approved for \$3,351,027, of which \$2,958,596 had been drawn down as of December 31, 2023. The City's water system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for a waterline replacement on Fifth Street. The full amount of the loan was \$96,128. The City's water system revenues will be used for the principal repayment.

The 2021 Ohio Water Development Authority (OWDA) loan is for a pump station improvements on Ricker Street. The full amount of the loan was \$333,467. The City's sewer system revenues will be used for the principal repayment.

The 2021 Ohio Public Works Commission (OPWC) loan is for the Fifth Street Waterline. The full amount of the loan was \$482,068. The City's water system revenues will be used for the principal repayment.

The 2022 Ohio Water Development Authority (OWDA) loan is for a valve replacement. The full amount of the loan was \$507,570. The City's water system revenues will be used for the principal repayment.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The 2022 Ohio Water Development Authority (OWDA) loan is for South Main Street waterline. The loan was approved for \$1,237,066, of which \$1,631,758 had been drawn down as of December 31, 2023 and \$394,692 has been principal loan forgiveness as of December 31, 2023. The City's water system revenues will be used for the principal repayment.

The 2022 Ohio Water Development Authority (OWDA) loan is for pump station improvements. The loan was approved for \$52,100, of which \$36,195 had been drawn down as of December 31, 2023. The City's sewer system revenues will be used for the principal repayment.

The 2023 Ohio Water Development Authority (OWDA) loan is for Cass & Central lead service line replacement. The loan was approved for \$320,436, of which \$133,714 as principal forgiveness. \$128,941 had been drawn down as of December 31, 2023 and \$44,241 of principal forgiveness as of December 31, 2023. The City's water system revenues will be used for the principal repayment.

The 2023 Ohio Water Development Authority (OWDA) loan is for Skinner Street lead waterline replacement. The full amount of the loan principal forgiveness for \$70,160 was recognized as of December 31, 2023.

The 2023 Ohio Water Development Authority (OWDA) loan is for south main street storm sewer replacement. The loan was approved for \$41,400, of which \$34,725 had been drawn down as of December 31, 2023. The City's sewer system revenues will be used for the principal repayment.

The 2023 Ohio Water Development Authority (OWDA) loan is for the Ninth Street Storm Sewer. The loan was approved for \$33,000 but there has been no activity yet in 2023.

The OWDA Water Pollution Control Loan Fund Refinancing Agreement pledges wastewater fund income to pay debt service. In addition, special provisions exist regarding redemptions of principal, maintenance, operation, insurance and condemnation of the project facilities.

The City has pledged future water and sewer revenues, net of specified operating expenses to repay \$28,458,553 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 130.48 percent. Principal and interest paid for the current year and total net receipts were \$3,436,132 and \$2,605,274, respectively.

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 City 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.

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

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 9 and 10.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The annual requirements to amortize all bonded debt and loans as of December 31, 2023 are as follows:

	OWDA Loans *		OPWC Loans	Totals	
	Principal	Interest	Principal	Principal	Interest
2024	\$ 3,015,550	\$ 142,991	\$ 100,258	\$ 3,115,808	\$ 142,991
2025	3,053,124	122,261	100,260	3,153,384	122,261
2026	3,091,299	101,091	100,258	3,191,557	101,091
2027	3,130,081	79,477	100,260	3,230,341	79,477
2028	815,583	57,596	100,259	915,842	57,596
2029-2033	1,753,481	222,878	461,701	2,215,182	222,878
2034-2038	1,763,892	147,166	375,439	2,139,331	147,166
2039-2043	1,620,649	95,275	83,086	1,703,735	95,275
2044-2048	1,582,717	58,432	-	1,582,717	58,432
2049-2052	801,565	19,165	-	801,565	19,165
Totals	\$ 20,627,941	\$ 1,046,332	\$ 1,421,521	\$ 22,049,462	\$ 1,046,332

* The OWDA Loan balance does not tie to the amount on the previous page due the 2019, 2022 and 2023 loans relating to projects still in process at year end. These 5 loans amortization schedules are not yet available.

NOTE 14: LEASE RECEIVABLE

The City leases, to Verizon Wireless, space a top of its water tower for cell phone tower equipment. The lease commenced in 2012 and had an initial term of 5 years. In addition, the lease has 5, 5-year, extension terms. The City is reporting a lease receivable of \$470,405 in the water fund. This amount represents the discounted future monthly lease payments. This discount is being amortized using the straight-line method. For 2023, the City reported lease revenue of \$24,730 and interest revenue of \$7,209.

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

Fiscal Year	Principal	Interest	Total
2024	\$ 16,700	\$ 7,105	\$ 23,805
2025	16,952	6,853	23,805
2026	17,208	6,597	23,805
2027	21,039	6,337	27,376
2028	21,357	6,019	27,376
2029-2033	119,996	25,095	145,091
2034-2038	151,739	15,116	166,855
2039-2041	105,414	3,199	108,613
	\$ 470,405	\$ 76,321	\$ 546,726

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15: 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; and natural disasters.

The City maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced in the past year.

Workers' Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The City is self-insured for its medical insurance program. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The City is a member of the Jefferson Health Plan, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. Claims above a \$50,000 deductible are internally pooled. Claims above \$1,500,000 are covered by stop loss. Under generally accepted accounting principles, the City has recorded a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2023 and 2022 are as follows:

Liability Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2023	\$ 79,156	\$ 303,389	\$ 371,525	\$ 11,020
2022	\$ 46,403	\$ 324,439	\$ 291,686	\$ 79,156

NOTE 16: FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Street Fund	Income Tax	Park Fund	Gressel Drive Relocation	ODOT South Main Street	Other Governmental Funds	Total
Nonspendable for:								
Prepays	29,220	2,539	-	5,834	-	-	-	37,593
Advances to Other Funds	100,000	-	-	-	-	-	-	100,000
Unclaimed Monies	3,996	-	-	-	-	-	-	3,996
Total Nonspendable	133,216	2,539	-	5,834	-	-	-	141,589
Restricted for:								
Capital Outlay	-	-	-	-	171,420	283,072	235,350	689,842
Street	-	539,619	-	-	-	-	269,578	809,197
Public Safety	-	-	-	-	-	-	167,465	167,465
Economic Development	-	-	-	-	-	-	7,914	7,914
Parks & Recreation	-	-	-	333,303	-	-	-	333,303
Total Restricted	-	539,619	-	333,303	171,420	283,072	680,307	2,007,721
Committed for:								
Committed	-	-	531,427	-	-	-	20,900	552,327
Total Committed	-	-	531,427	-	-	-	20,900	552,327
Assigned for:								
Security of Persons and Property	215,345	-	-	-	-	-	-	215,345
Subsequent Year Appropriations	2,435,920	-	-	-	-	-	-	2,435,920
Total Assigned	2,651,265	-	-	-	-	-	-	2,651,265
Unassigned	1,102,138	-	-	-	-	-	-	1,102,138
Total Fund Balance	\$ 3,886,619	\$ 542,158	\$ 531,427	\$ 339,137	\$ 171,420	\$ 283,072	\$ 701,207	\$ 6,455,040

NOTE 17: CONTINGENCIES

The City may be a party to legal proceedings seeking damages. The City management is of the opinion that the ultimate disposition of the claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for disbursements disallowed under the terms of the grant. Based on prior experience, City management believes such disallowance, if any, will be immaterial.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids, which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, the City did not receive any distributions.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 18: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION

For the year ended December 31, 2023, the City has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the City.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

Restatement of Fund Balance and Net Position

During the fiscal year, it was determined that the Hospitalization Fund is no longer a proprietary fund, rather, it is a governmental fund. The implementation of the classification change of the fund had the following effect on fund balance and net position as reported December 31, 2022:

	<u>Internal Service Funds</u>	<u>General Fund</u>
Net Position/Fund Balance at 12/31/2022	\$ 18,523	\$ 2,891,569
Cash and Cash Equivalents	(34,673)	34,673
Net Position/Fund Balance at 12/31/2022, <i>Restated</i>	<u>\$ (16,150)</u>	<u>\$ 2,926,242</u>

City of Delphos
Allen County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
City's Proportion of the Net Pension Liability	0.009166%	0.009252%	0.009125%	0.009452%	0.008497%
City's Proportionate Share of the Net Pension Liability	\$ 2,707,640	\$ 804,961	\$ 1,351,214	\$ 1,868,252	\$ 2,327,156
City's Covered Payroll	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.58%	59.95%	105.14%	140.49%	203.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
City's Proportion of the Net Pension Liability	0.039658%	0.043105%	0.044742%	0.042647%	0.046297%
City's Proportionate Share of the Net Pension Liability	\$ 3,767,079	\$ 2,692,926	\$ 3,050,082	\$ 2,872,896	\$ 3,779,059
City's Covered Payroll	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	342.99%	238.63%	264.53%	279.64%	354.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%

e

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

See accompanying notes to the required supplementary information.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.008595%	0.008268%	0.008064%	0.008028%	0.008028%
\$	1,348,433	\$ 1,877,626	\$ 1,396,786	\$ 968,267	\$ 946,397
\$	1,138,914	\$ 1,111,750	\$ 1,003,625	\$ 1,032,858	\$ 1,427,915
	118.40%	168.89%	139.17%	93.75%	66.28%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.046461%	0.040498%	0.034220%	0.037535%	0.037535%
\$	2,851,509	\$ 2,565,091	\$ 2,201,397	\$ 1,944,464	\$ 1,828,067
\$	1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959
	277.99%	290.89%	307.97%	254.66%	187.50%
	70.91%	68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
Contractually Required Contribution	\$ 197,827	\$ 198,906	\$ 187,984	\$ 179,923	\$ 186,176
Contributions in Relation to the Contractually Required Contribution	<u>(197,827)</u>	<u>(198,906)</u>	<u>(187,984)</u>	<u>(179,923)</u>	<u>(186,176)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,413,050	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
Contractually Required Contribution	\$ 257,160	\$ 227,786	\$ 233,688	\$ 239,471	\$ 212,792
Contributions in Relation to the Contractually Required Contribution	<u>(257,160)</u>	<u>(227,786)</u>	<u>(233,688)</u>	<u>(239,471)</u>	<u>(212,792)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,236,974	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351
Contributions as a Percentage of Covered Payroll	20.79%	20.74%	20.71%	20.77%	20.71%

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 160,267	\$ 148,059	\$ 133,607	\$ 120,435	\$ 123,943
<u>(160,267)</u>	<u>(148,059)</u>	<u>(133,607)</u>	<u>(120,435)</u>	<u>(123,943)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,144,764	\$ 1,138,914	\$ 1,111,750	\$ 1,003,625	\$ 1,032,858
14.00%	13.00%	12.02%	12.00%	12.00%
\$ 221,133	\$ 214,753	\$ 184,251	\$ 146,805	\$ 156,819
<u>(221,133)</u>	<u>(214,753)</u>	<u>(184,251)</u>	<u>(146,805)</u>	<u>(156,819)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,066,890	\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545
20.73%	20.94%	20.89%	20.54%	20.54%

See accompanying notes to the required supplementary information.

City of Delphos
Allen County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
City's Proportion of the Net OPEB Liability (Asset)	0.008860%	0.008944%	0.008821%	0.009120%	0.008261%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 55,864	\$ (280,140)	\$ (157,153)	\$ 1,259,709	\$ 1,077,039
City's Covered Payroll	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	3.93%	-20.86%	-12.23%	94.73%	94.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
City's Proportion of the Net OPEB Liability	0.039658%	0.043105%	0.044742%	0.042647%	0.046297%
City's Proportionate Share of the Net OPEB Liability	\$ 282,350	\$ 472,463	\$ 474,045	\$ 421,250	\$ 421,605
City's Covered Payroll	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.71%	41.87%	41.11%	41.00%	39.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%	46.57%

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

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

See accompanying notes to the required supplementary information.

	<u>2018</u>		<u>2017</u>
	0.008365%		0.008065%
\$	908,354	\$	814,592
\$	1,144,764	\$	1,138,914
	79.35%		71.52%
	54.14%		54.04%
	0.046461%		0.040498%
\$	2,632,404	\$	1,922,349
\$	1,066,890	\$	1,025,748
	246.74%		187.41%
	14.13%		15.96%

See accompanying notes to the required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 1,413,050	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
Contractually Required Contribution	\$ 6,185	\$ 5,492	\$ 5,642	\$ 5,765	\$ 5,137
Contributions in Relation to the Contractually Required Contribution	<u>(6,185)</u>	<u>(5,492)</u>	<u>(5,642)</u>	<u>(5,765)</u>	<u>(5,137)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,236,974	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%

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

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ 11,389	\$ 22,235	n/a	n/a
<u>-</u>	<u>(11,389)</u>	<u>(22,235)</u>	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a
\$ 1,144,764	\$ 1,138,914	\$ 1,111,750	n/a	n/a
0.00%	1.00%	2.00%	n/a	n/a
\$ 5,334	\$ 5,129	\$ 4,409	\$ 3,574	\$ 3,818
<u>(5,334)</u>	<u>(5,129)</u>	<u>(4,409)</u>	<u>(3,574)</u>	<u>(3,818)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,066,890	\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545
0.50%	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

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

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual	Individual	Individual	Individual
	Entry Age	Entry Age	Entry Age	Entry Age

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

2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017 - 2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple 5.50% to 5.00%

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

Changes in Assumptions – OP&F

For 2022, the single discount rate changed from 8.00 percent to 7.50 percent.

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

Changes in Benefit Terms – OP&F

There were no significant changes in benefit terms.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

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

Changes in Benefit Terms – OPERS

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

Changes in Assumptions – OP&F

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

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Blended Discount Rate	4.27%	2.84%	2.96%	3.56%	4.66%	3.24%
Municipal Bond Rate	3.65%	2.05%	2.12%	2.75%	4.13%	3.16%

Changes in Benefit Terms – OP&F

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

This page intentionally left blank.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

The discussion and analysis of the City of Delphos' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's 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 2022 are as follows:

- In total, net position increased \$3,916,098, from 2021. Net position of governmental activities increased \$1,556,411. Net position of business-type activities increased \$2,359,687.
- Total capital assets increased \$7,321,660 in 2022. Capital assets of governmental activities increased \$491,015 and capital assets of business-type activities increased \$6,830,645.
- Outstanding debt increased from \$23,404,216 to \$28,064,505.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2022 and how they affected the operations of the City as a whole.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City, the general fund is by far the most significant fund. Business-type funds consist of the water, sewer and sanitation funds.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

A question typically asked about the City's finances "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community development, leisure time services and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer and sanitation funds are reported as business activities.

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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, street maintenance fund, the income tax fund, and the park fund.

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2022 compared to 2021:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	Restated 2021	Change
Assets						
Current & Other Assets	\$ 7,750,597	\$ 6,643,410	\$ 1,107,187	\$ 4,846,235	\$ 4,254,260	\$ 591,975
Net OPEB Asset	106,454	59,718	46,736	173,686	97,435	76,251
Capital Assets	9,613,204	9,122,189	491,015	50,599,157	43,768,512	6,830,645
<i>Total Assets</i>	<u>17,470,255</u>	<u>15,825,317</u>	<u>1,644,938</u>	<u>55,619,078</u>	<u>48,120,207</u>	<u>7,498,871</u>
Deferred Outflows of Resources						
Pension & OPEB	1,451,257	1,254,030	197,227	236,564	259,274	(22,710)
<i>Total Deferred Outflows of Resources</i>	<u>1,451,257</u>	<u>1,254,030</u>	<u>197,227</u>	<u>236,564</u>	<u>259,274</u>	<u>(22,710)</u>
Liabilities						
Current & Other Liabilities	747,541	527,986	219,555	954,871	267,281	687,590
Long-Term Liabilities:						
Due Within One Year	113,019	112,323	696	3,362,312	2,974,415	387,897
Due In More Than One Year:						
Net Pension Liability	2,998,811	3,563,544	(564,733)	499,076	837,752	(338,676)
Net OPEB Liability	472,463	474,045	(1,582)	-	-	-
Other Amounts	415,646	444,187	(28,541)	25,154,979	20,874,998	4,279,981
<i>Total Liabilities</i>	<u>4,747,480</u>	<u>5,122,085</u>	<u>(374,605)</u>	<u>29,971,238</u>	<u>24,954,446</u>	<u>5,016,792</u>
Deferred Inflows of Resources						
Property Taxes	425,985	420,977	5,008	-	-	-
Lease	-	-	-	467,125	491,711	(24,586)
Pension & OPEB	1,759,799	1,104,448	655,351	784,300	660,032	124,268
<i>Total Deferred Inflows of Resources</i>	<u>2,185,784</u>	<u>1,525,425</u>	<u>660,359</u>	<u>1,251,425</u>	<u>1,151,743</u>	<u>99,682</u>
Net Position						
Net Investment in Capital Assets	9,613,204	9,109,933	503,271	22,491,414	20,343,874	2,147,540
Restricted	2,175,535	1,252,785	922,750	-	-	-
Unrestricted	199,509	69,119	130,390	2,141,565	1,929,418	212,147
<i>Total Net Position</i>	<u>\$ 11,988,248</u>	<u>\$ 10,431,837</u>	<u>\$ 1,556,411</u>	<u>\$ 24,632,979</u>	<u>\$ 22,273,292</u>	<u>\$ 2,359,687</u>

The net pension liability (NPL) is one of the largest single liability's reported by the City at December 31, 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Capital assets include, land, land improvements, buildings, equipment, infrastructure and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted.

For governmental type activities, the City saw an increase in current and other assets. Cash and cash equivalents with fiscal agents increased as a result of the timing of expenditures paid versus incurred for a City ODOT project.

For business type activities, the City saw an increase in current and other assets as well as capital assets. Equity in pooled cash and cash equivalents increased as a result of revenues outpacing expenses during the year, primarily in the water fund. Capital assets increased with construction in progress additions. The City has several ongoing water and sewer projects. The most significant being phase 3 of the wastewater treatment plant upgrade and a new water tower replacement. Current and other liabilities, due within one year and other amounts due in more than one year all increased significantly. The City is primarily paying for the ongoing construction projects with debt proceeds, leading to the increase in debt. Current liabilities increased as a result of an increase in contracts and retainage payable.

For both governmental and business-type activities, the changes reflected in NPL, NOL and deferred outflows/inflows of resources relating to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

This space intentionally left blank.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 735,112	\$ 618,051	\$ 117,061	\$ 6,145,268	\$ 5,730,113	\$ 415,155
Operating Grants	619,719	594,669	25,050	69,606	-	69,606
Capital Grants	533,464	1,457,468	(924,004)	-	341,876	(341,876)
<i>Total Program Revenues</i>	<u>1,888,295</u>	<u>2,670,188</u>	<u>(781,893)</u>	<u>6,214,874</u>	<u>6,071,989</u>	<u>142,885</u>
<i>General Revenues</i>						
Property Taxes	505,160	456,161	48,999	-	-	-
Income Taxes	4,435,507	4,764,837	(329,330)	-	-	-
Grants & Entitlements	479,308	286,093	193,215	-	-	-
Investment Earnings	12,200	13,135	(935)	7,357	-	7,357
Miscellaneous	12,613	20,307	(7,694)	4,994	38,429	(33,435)
<i>Total General Revenues</i>	<u>5,444,788</u>	<u>5,540,533</u>	<u>(95,745)</u>	<u>12,351</u>	<u>38,429</u>	<u>(26,078)</u>
<i>Total Revenues</i>	<u>7,333,083</u>	<u>8,210,721</u>	<u>(877,638)</u>	<u>6,227,225</u>	<u>6,110,418</u>	<u>116,807</u>
Program Expenses						
General Government	490,003	187,516	302,487	-	-	-
Security of Persons and Property	2,436,866	2,514,904	(78,038)	-	-	-
Public Health	72,604	47,610	24,994	-	-	-
Leisure Time Services	621,696	442,026	179,670	-	-	-
Transportation	934,452	904,847	29,605	-	-	-
Enterprise Operations						
Water	-	-	-	2,071,858	1,864,332	207,526
Sewer	-	-	-	2,453,991	2,373,272	80,719
Sanitation	-	-	-	562,740	482,664	80,076
<i>Total Program Expenses</i>	<u>4,555,621</u>	<u>4,096,903</u>	<u>458,718</u>	<u>5,088,589</u>	<u>4,720,268</u>	<u>368,321</u>
Transfers	(1,221,051)	(895,897)	(325,154)	1,221,051	895,897	325,154
<i>Change in Net Position</i>	1,556,411	3,217,921	(1,661,510)	2,359,687	2,286,047	73,640
<i>Net Position Beginning of Year</i>	<u>10,431,837</u>	<u>7,213,916</u>	<u>3,217,921</u>	<u>22,273,292</u>	<u>19,987,245</u>	<u>2,286,047</u>
<i>Net Position End of Year</i>	<u>\$ 11,988,248</u>	<u>\$ 10,431,837</u>	<u>\$ 1,556,411</u>	<u>\$ 24,632,979</u>	<u>\$ 22,273,292</u>	<u>\$ 2,359,687</u>

The City's overall net position increased from the prior year and the reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements and charges for services.

General revenues include grants and entitlements, such as local government funds. With the combination of property tax, income tax and intergovernmental funding all expenses in the governmental activities are funded. The City monitors its sources of revenues very closely for fluctuations.

The City saw a decrease in capital grants during 2022. The decrease in capital grants is primarily the result of contributions and donations received for the City's ODOT projects in the prior year.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Police and fire represent the largest expense of the Governmental Activities. The police and fire departments operate primarily out of the general fund. The increase in general government is due to increases in ARPA expenditures paired with the significant decrease shown in prior year because of GASB 68 and 75 accruals.

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 a cemetery (public health) and a park (leisure time services) within the City.

Business-Type Activities

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. Capital grants decreased in 2022, primarily the result of an OWDA loan forgiveness in the prior year. See aforementioned discussion above for additional details on the change. See discussion regarding proprietary funds for more analysis.

The City's Funds

Governmental 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.

	Fund Balance 12/31/2022	Fund Balance 12/31/2021	Increase (Decrease)
General	\$ 2,891,569	\$ 2,955,479	\$ (63,910)
Street Maintenance	474,259	300,330	173,929
Income Tax	501,624	459,342	42,282
Park	338,031	266,637	71,394
Other Governmental	1,241,339	585,754	655,585
Total	\$ 5,446,822	\$ 4,567,542	\$ 879,280

The general fund is the chief operating fund of the City. The fund balance of the general fund slightly decreased during the current fiscal year primarily from transfers to other funds.

The Street Maintenance fund balance increase by \$173,929 due to timing of state funding as compared to project expenditures.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

The Income Tax fund balance increase by \$42,282. There were no significant events that contributed to this change.

The Park fund balance increased by \$71,394. There were no significant events that contributed to this change.

Proprietary Funds

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.

Unrestricted net position of the water fund at the end of the year was \$237,004, the sewer fund was \$1,899,032, and the sanitation fund was \$14,321. Total growth in net position for the water, sewer and sanitation funds was \$925,906, \$1,417,822, and \$14,852, respectively. All funds were impacted by the accruals for pension and OPEB.

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 2022, the City amended its general fund budget. 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

The only significant change to the original budget during the fiscal year was to increase transfers out to support public use programs.

Final Budget Compared to Actual Results

Actual revenues were higher than budgeted amounts as income tax collections were higher than estimated.

Transfers out were significantly lower than final budgeted amounts due to timing differences.

Capital Assets and Debt Administration

Capital Assets

Overall, capital assets of governmental activities increased slightly in 2022. The City has four ODOT constructions projects in progress during 2022.

Capital assets of business-type activities increased significantly in 2022. The most significant additions were to construction in progress for an ongoing water tower replacement and phase 3 of the wastewater treatment plant upgrades.

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Debt

The City's outstanding debt increase is primarily due to new drawdowns for several ongoing business-type construction projects, as previously mentioned. See note 13 for additional information about the City's outstanding debt.

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 Auditor of City of Delphos, 608 North Canal Street, Delphos, Ohio 45833-2401 or call (419) 695-4010.

City of Delphos
Allen County, Ohio
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,536,128	\$ 3,600,030	\$ 8,136,158
Cash and Cash Equivalents with Fiscal Agents	853,978	-	853,978
Accounts Receivable	158,735	753,955	912,690
Intergovernmental Receivable	422,652	-	422,652
Property and Other Local Taxes Receivable	436,035	-	436,035
Income Taxes Receivable	1,208,873	-	1,208,873
Lease Receivable	-	486,857	486,857
Internal Balances	108,792	(108,792)	-
Prepaid Items	25,404	26,293	51,697
Restricted Cash and Cash Equivalents	-	87,892	87,892
Net OPEB Asset	106,454	173,686	280,140
Non-Depreciable Capital Assets	4,971,978	9,718,882	14,690,860
Depreciable Capital Assets, net	4,641,226	40,880,275	45,521,501
<i>Total Assets</i>	<u>17,470,255</u>	<u>55,619,078</u>	<u>73,089,333</u>
Deferred Outflows of Resources			
Pension	1,099,771	229,310	1,329,081
OPEB	351,486	7,254	358,740
<i>Total Deferred Outflows of Resources</i>	<u>1,451,257</u>	<u>236,564</u>	<u>1,687,821</u>
Liabilities			
Accounts Payable	81,786	238,835	320,621
Accrued Wages	32,544	18,544	51,088
Contracts Payable	-	315,346	315,346
Retainage Payable	-	281,589	281,589
Intergovernmental Payable	30,377	12,665	43,042
Claims Payable	79,156	-	79,156
Refundable Deposits	-	87,892	87,892
Unearned Revenue	523,678	-	523,678
Long-Term Liabilities:			
Due Within One Year	113,019	3,362,312	3,475,331
Due In More Than One Year:			
Net Pension Liability	2,998,811	499,076	3,497,887
Net OPEB Liability	472,463	-	472,463
Other Amounts Due in More Than One Year	415,646	25,154,979	25,570,625
<i>Total Liabilities</i>	<u>4,747,480</u>	<u>29,971,238</u>	<u>34,718,718</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	425,985	-	425,985
Lease	-	467,125	467,125
Pension	1,443,219	604,740	2,047,959
OPEB	316,580	179,560	496,140
<i>Total Deferred Inflows of Resources</i>	<u>2,185,784</u>	<u>1,251,425</u>	<u>3,437,209</u>
Net Position			
Net Investment in Capital Assets	9,613,204	22,491,414	32,104,618
Restricted for:			
Capital Outlay	819,183	-	819,183
Streets	810,155	-	810,155
Public Safety	182,481	-	182,481
Economic Development	7,059	-	7,059
Other Purposes	356,657	-	356,657
Unrestricted	199,509	2,141,565	2,341,074
<i>Total Net Position</i>	<u>\$ 11,988,248</u>	<u>\$ 24,632,979</u>	<u>\$ 36,621,227</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Activities
For the Year Ended December 31, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 490,003	\$ 58,107	\$ -	\$ -	\$ (431,896)	\$ -	\$ (431,896)
Security of Persons and Property	2,436,866	534,552	42,850	-	(1,859,464)	-	(1,859,464)
Public Health	72,604	-	-	-	(72,604)	-	(72,604)
Leisure Time Services	621,696	140,698	18,050	-	(462,948)	-	(462,948)
Community Development	-	855	-	-	855	-	855
Transportation	934,452	900	558,819	533,464	158,731	-	158,731
<i>Total Governmental Activities</i>	<u>4,555,621</u>	<u>735,112</u>	<u>619,719</u>	<u>533,464</u>	<u>(2,667,326)</u>	<u>-</u>	<u>(2,667,326)</u>
Business-Type Activities							
Water	2,071,858	2,684,095	69,606	-	-	681,843	681,843
Sewer	2,453,991	2,883,555	-	-	-	429,564	429,564
Sanitation	562,740	577,618	-	-	-	14,878	14,878
<i>Total Business-Type Activities</i>	<u>5,088,589</u>	<u>6,145,268</u>	<u>69,606</u>	<u>-</u>	<u>-</u>	<u>1,126,285</u>	<u>1,126,285</u>
<i>Total</i>	<u>\$ 9,644,210</u>	<u>\$ 6,880,380</u>	<u>\$ 689,325</u>	<u>\$ 533,464</u>	<u>(2,667,326)</u>	<u>1,126,285</u>	<u>(1,541,041)</u>
General Revenues							
Property and Other Local Taxes Levied for:							
General Purposes					437,016	-	437,016
Police and Fire Pension					68,144	-	68,144
Income Taxes Levied for:							
General Purposes					2,690,832	-	2,690,832
Administrative and Sewer System Improvements					1,085,091	-	1,085,091
Parks and Recreation					659,584	-	659,584
Grants and Entitlements not Restricted to Specific Programs					479,308	-	479,308
Investment Earnings					12,200	7,357	19,557
Miscellaneous					12,613	4,994	17,607
<i>Total General Revenues</i>					<u>5,444,788</u>	<u>12,351</u>	<u>5,457,139</u>
Transfers					(1,221,051)	1,221,051	-
<i>Total General Revenues and Transfers</i>					<u>4,223,737</u>	<u>1,233,402</u>	<u>5,457,139</u>
<i>Change in Net Position</i>					1,556,411	2,359,687	3,916,098
<i>Net Position Beginning of Year</i>					10,431,837	22,273,292	32,705,129
<i>Net Position End of Year</i>					<u>\$ 11,988,248</u>	<u>\$ 24,632,979</u>	<u>\$ 36,621,227</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2022

	General	Street Maintenance	Income Tax	Park	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 2,487,471	\$ 390,307	\$ 370,988	\$ 265,736	\$ 986,953	\$ 4,501,455
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	790,972	790,972
Accounts Receivable	158,735	-	-	-	-	158,735
Intergovernmental Receivable	116,256	276,210	-	-	30,186	422,652
Property and Other Local Taxes Receivable	376,037	-	-	-	59,998	436,035
Income Taxes Receivable	761,978	-	259,743	187,152	-	1,208,873
Advances to Other Funds	100,000	-	-	-	-	100,000
Prepaid Items	19,528	1,816	114	3,946	-	25,404
<i>Total Assets</i>	<u>\$ 4,020,005</u>	<u>\$ 668,333</u>	<u>\$ 630,845</u>	<u>\$ 456,834</u>	<u>\$ 1,868,109</u>	<u>\$ 7,644,126</u>
Liabilities						
Accounts Payable	\$ 57,889	\$ 6,113	\$ 17,784	\$ -	\$ -	\$ 81,786
Accrued Wages	27,215	2,246	817	2,266	-	32,544
Intergovernmental Payable	2,562	1,575	575	1,653	24,012	30,377
Unearned Revenue	-	-	-	-	523,678	523,678
<i>Total Liabilities</i>	<u>87,666</u>	<u>9,934</u>	<u>19,176</u>	<u>3,919</u>	<u>547,690</u>	<u>668,385</u>
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	367,275	-	-	-	58,710	425,985
Unavailable Revenue	673,495	184,140	110,045	114,884	20,370	1,102,934
<i>Total Deferred Inflows of Resources</i>	<u>1,040,770</u>	<u>184,140</u>	<u>110,045</u>	<u>114,884</u>	<u>79,080</u>	<u>1,528,919</u>
Fund Balances						
Nonspendable	123,410	1,816	114	3,946	-	129,286
Restricted	-	472,443	-	334,085	1,220,139	2,026,667
Committed	-	-	501,510	-	21,200	522,710
Assigned	2,768,159	-	-	-	-	2,768,159
<i>Total Fund Balance</i>	<u>2,891,569</u>	<u>474,259</u>	<u>501,624</u>	<u>338,031</u>	<u>1,241,339</u>	<u>5,446,822</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 4,020,005</u>	<u>\$ 668,333</u>	<u>\$ 630,845</u>	<u>\$ 456,834</u>	<u>\$ 1,868,109</u>	<u>\$ 7,644,126</u>

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances	\$	5,446,822
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,613,204
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 8,040	
Income Tax	692,672	
Intergovernmental	287,764	
Charges for Services	<u>114,458</u>	1,102,934
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		27,315
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	106,454	
Deferred Outflows - Pension	1,099,771	
Deferred Outflows - OPEB	351,486	
Net Pension Liability	(2,998,811)	
Net OPEB Liability	(472,463)	
Deferred Inflows - Pension	(1,443,219)	
Deferred Inflows - OPEB	<u>(316,580)</u>	(3,673,362)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		<u>(528,665)</u>
<i>Net Position of Governmental Activities</i>	\$	<u><u>11,988,248</u></u>

See accompanying notes to the basic financial statements.

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

	General	Street Maintenance	Income Tax	Park	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Local Taxes	\$ 435,739	\$ -	\$ -	\$ -	\$ 67,912	\$ 503,651
Income Taxes	2,666,434	-	1,128,701	653,592	-	4,448,727
Charges for Services	641,255	-	-	-	9,955	651,210
Licenses and Permits	51,749	-	-	-	900	52,649
Fines and Forfeitures	350	-	-	-	7,737	8,087
Intergovernmental	282,233	484,723	-	-	351,313	1,118,269
Interest	11,713	-	-	-	-	11,713
Rent	16,175	-	-	-	-	16,175
Contributions and Donations	-	-	-	18,050	34,450	52,500
Miscellaneous	12,058	-	78	477	-	12,613
<i>Total Revenues</i>	<u>4,117,706</u>	<u>484,723</u>	<u>1,128,779</u>	<u>672,119</u>	<u>472,267</u>	<u>6,875,594</u>
Expenditures						
Current:						
General Government	255,311	2,032	86,497	-	177,395	521,235
Security of Persons and Property	1,977,043	-	-	-	272,874	2,249,917
Public Health	72,604	-	-	-	-	72,604
Leisure Time Services	-	-	-	572,356	-	572,356
Transportation	168,488	735,762	-	-	1,301	905,551
Capital Outlay	-	-	-	28,369	450,231	478,600
<i>Total Expenditures</i>	<u>2,473,446</u>	<u>737,794</u>	<u>86,497</u>	<u>600,725</u>	<u>901,801</u>	<u>4,800,263</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,644,260</u>	<u>(253,071)</u>	<u>1,042,282</u>	<u>71,394</u>	<u>(429,534)</u>	<u>2,075,331</u>
Other Financing Sources (Uses)						
Transfers In	-	427,000	-	-	1,085,119	1,512,119
Transfers Out	(1,708,170)	-	(1,000,000)	-	-	(2,708,170)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,708,170)</u>	<u>427,000</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,085,119</u>	<u>(1,196,051)</u>
<i>Net Change in Fund Balances</i>	(63,910)	173,929	42,282	71,394	655,585	879,280
<i>Fund Balances Beginning of Year</i>	<u>2,955,479</u>	<u>300,330</u>	<u>459,342</u>	<u>266,637</u>	<u>585,754</u>	<u>4,567,542</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,891,569</u>	<u>\$ 474,259</u>	<u>\$ 501,624</u>	<u>\$ 338,031</u>	<u>\$ 1,241,339</u>	<u>\$ 5,446,822</u>

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$	879,280
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 942,189	
Current Year Depreciation	<u>(451,174)</u>	491,015
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	1,509	
Income Tax	(13,220)	
Intergovernmental	11,038	
Charges for Services	<u>6,991</u>	6,318
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	303,370	
OPEB	<u>5,492</u>	308,862
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(193,733)	
OPEB	<u>39,798</u>	(153,935)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(2,974)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>27,845</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>1,556,411</u></u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 324,099	\$ 356,060	\$ 435,417	\$ 79,357
Income Taxes	1,975,854	1,924,502	2,654,495	729,993
Charges for Services	476,009	511,897	639,502	127,605
Licenses and Permits	38,519	41,882	51,749	9,867
Fines and Forfeitures	261	261	350	89
Intergovernmental	211,994	154,755	284,807	130,052
Interest	8,821	12,123	11,851	(272)
Rent	12,040	20,803	16,175	(4,628)
Miscellaneous	8,098	10,195	10,879	684
<i>Total Revenues</i>	<u>3,055,695</u>	<u>3,032,478</u>	<u>4,105,225</u>	<u>1,072,747</u>
Expenditures				
Current:				
General Government	249,728	249,728	250,685	(957)
Security of Persons and Property	2,455,915	2,455,915	2,427,139	28,776
Public Health	48,000	48,000	47,609	391
Transportation	164,836	164,836	168,457	(3,621)
<i>Total Expenditures</i>	<u>2,918,479</u>	<u>2,918,479</u>	<u>2,893,890</u>	<u>24,589</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>137,216</u>	<u>113,999</u>	<u>1,211,335</u>	<u>1,097,336</u>
Other Financing Sources (Uses)				
Transfers Out	(1,163,365)	(2,621,887)	(1,708,170)	913,717
<i>Net Change in Fund Balance</i>	(1,026,149)	(2,507,888)	(496,835)	2,011,053
<i>Fund Balance Beginning of Year</i>	2,294,027	2,294,027	2,294,027	-
Prior Year Encumbrances Appropriated	215,345	215,345	215,345	-
<i>Fund Balance End of Year</i>	<u>\$ 1,483,223</u>	<u>\$ 1,484</u>	<u>\$ 2,012,537</u>	<u>\$ 2,011,053</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 459,000	\$ 459,000	\$ 477,143	\$ 18,143
Expenditures				
Current:				
General Government	700	700	2,032	(1,332)
Transportation	1,085,239	1,085,239	806,369	278,870
<i>Total Expenditures</i>	<u>1,085,939</u>	<u>1,085,939</u>	<u>808,401</u>	<u>277,538</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(626,939)</u>	<u>(626,939)</u>	<u>(331,258)</u>	<u>295,681</u>
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	427,000	27,000
<i>Net Change in Fund Balance</i>	(226,939)	(226,939)	95,742	322,681
<i>Fund Balance Beginning of Year</i>	<u>226,943</u>	<u>226,943</u>	<u>226,943</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 322,685</u>	<u>\$ 322,681</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Income Taxes	\$ 1,071,000	\$ 1,071,000	\$ 1,122,628	\$ 51,628
Miscellaneous	-	-	78	78
<i>Total Revenues</i>	<u>1,071,000</u>	<u>1,071,000</u>	<u>1,122,706</u>	<u>51,706</u>
Expenditures				
Current:				
General Government	<u>393,753</u>	<u>393,753</u>	<u>74,471</u>	<u>319,282</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>677,247</u>	<u>677,247</u>	<u>1,048,235</u>	<u>370,988</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(322,753)</u>	<u>(322,753)</u>	<u>48,235</u>	<u>370,988</u>
<i>Fund Balance Beginning of Year</i>	<u>322,753</u>	<u>322,753</u>	<u>322,753</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,988</u>	<u>\$ 370,988</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$ 510,000	\$ 510,000	\$ 650,660	\$ 140,660
Contributions and Donations	-	-	18,050	18,050
Miscellaneous	-	-	477	477
<i>Total Revenues</i>	<u>510,000</u>	<u>510,000</u>	<u>669,187</u>	<u>159,187</u>
Expenditures				
Current:				
Leisure Time Activities	669,685	669,685	574,769	94,916
Capital Outlay	40,000	40,000	28,369	11,631
<i>Total Expenditures</i>	<u>709,685</u>	<u>709,685</u>	<u>603,138</u>	<u>106,547</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(199,685)</u>	<u>(199,685)</u>	<u>66,049</u>	<u>265,734</u>
<i>Net Change in Fund Balance</i>	(199,685)	(199,685)	66,049	265,734
<i>Fund Balance Beginning of Year</i>	<u>199,687</u>	<u>199,687</u>	<u>199,687</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 265,736</u>	<u>\$ 265,734</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2022

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,152,254	\$ 2,380,295	\$ 67,481	\$ 3,600,030	\$ 34,673
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	63,006
Accounts Receivable	320,921	368,515	64,519	753,955	-
Lease Receivable	16,452	-	-	16,452	-
Prepaid Items	9,888	16,375	30	26,293	-
<i>Total Current Assets</i>	<u>1,499,515</u>	<u>2,765,185</u>	<u>132,030</u>	<u>4,396,730</u>	<u>97,679</u>
<i>Non-Current Assets:</i>					
Lease Receivable	470,405	-	-	470,405	-
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	36,873	43,475	7,544	87,892	-
Net OPEB Asset	86,843	84,042	2,801	173,686	-
Non-Depreciable Capital Assets	3,665,195	6,053,687	-	9,718,882	-
Depreciable Capital Assets, Net	17,363,840	23,516,435	-	40,880,275	-
<i>Total Non-Current Assets</i>	<u>21,623,156</u>	<u>29,697,639</u>	<u>10,345</u>	<u>51,331,140</u>	<u>-</u>
<i>Total Assets</i>	<u>23,122,671</u>	<u>32,462,824</u>	<u>142,375</u>	<u>55,727,870</u>	<u>97,679</u>
Deferred Outflows of Resources					
Pension	114,512	111,182	3,616	229,310	-
OPEB	3,599	3,642	13	7,254	-
<i>Total Deferred Outflows of Resources</i>	<u>118,111</u>	<u>114,824</u>	<u>3,629</u>	<u>236,564</u>	<u>-</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	58,390	77,741	102,704	238,835	-
Accrued Wages	8,893	9,370	281	18,544	-
Contracts Payable	191,452	123,894	-	315,346	-
Retainage Payable	37,668	243,921	-	281,589	-
Intergovernmental Payable	6,185	6,287	193	12,665	-
Claims Payable	-	-	-	-	79,156
Compensated Absences Payable	44,979	42,702	-	87,681	-
OPWC Loans Payable	68,260	32,000	-	100,260	-
OWDA Loans Payable	1,034,536	2,139,835	-	3,174,371	-
Refundable Deposits	36,873	43,475	7,544	87,892	-
<i>Total Current Liabilities</i>	<u>1,487,236</u>	<u>2,719,225</u>	<u>110,722</u>	<u>4,317,183</u>	<u>79,156</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable - Net of Current Portion	157,046	208,059	-	365,105	-
OPWC Loans Payable - Net of Current Portion	1,005,522	416,000	-	1,421,522	-
OWDA Loans Payable - Net of Current Portion	8,169,169	15,199,183	-	23,368,352	-
Advances from Other Funds	-	100,000	-	100,000	-
Net Pension Liability	249,538	241,488	8,050	499,076	-
<i>Total Long-Term Liabilities</i>	<u>9,581,275</u>	<u>16,164,730</u>	<u>8,050</u>	<u>25,754,055</u>	<u>-</u>
<i>Total Liabilities</i>	<u>11,068,511</u>	<u>18,883,955</u>	<u>118,772</u>	<u>30,071,238</u>	<u>79,156</u>
Deferred Inflows of Resources					
Pension	302,289	292,538	9,913	604,740	-
OPEB	89,728	86,834	2,998	179,560	-
Lease	467,125	-	-	467,125	-
<i>Total Deferred Inflows of Resources</i>	<u>859,142</u>	<u>379,372</u>	<u>12,911</u>	<u>1,251,425</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	11,076,125	11,415,289	-	22,491,414	-
Unrestricted	237,004	1,899,032	14,321	2,150,357	18,523
<i>Total Net Position</i>	<u>\$ 11,313,129</u>	<u>\$ 13,314,321</u>	<u>\$ 14,321</u>	<u>24,641,771</u>	<u>\$ 18,523</u>
Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.					
Net Position of business-type activities				(8,792)	
				<u>\$ 24,632,979</u>	

See accompanying notes to the basic financial statements.

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

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Operating Revenues					
Charges for Services	\$ 2,653,370	\$ 2,883,405	\$ 577,618	\$ 6,114,393	\$ 547,822
Tap-In Fees	10,415	150	-	10,565	-
Lease	20,310	-	-	20,310	-
Other	2,912	2,082	-	4,994	25,806
<i>Total Operating Revenues</i>	<u>2,687,007</u>	<u>2,885,637</u>	<u>577,618</u>	<u>6,150,262</u>	<u>573,628</u>
Operating Expenses					
Personal Services	556,202	516,781	16,830	1,089,813	-
Contractual Services	454,363	705,743	540,340	1,700,446	251,543
Materials and Supplies	331,284	311,875	5,596	648,755	-
Claims	-	-	-	-	324,439
Depreciation	587,209	913,728	-	1,500,937	-
<i>Total Operating Expenses</i>	<u>1,929,058</u>	<u>2,448,127</u>	<u>562,766</u>	<u>4,939,951</u>	<u>575,982</u>
<i>Operating Income (Loss)</i>	<u>757,949</u>	<u>437,510</u>	<u>14,852</u>	<u>1,210,311</u>	<u>(2,354)</u>
Non-Operating Revenues (Expenses)					
Intergovernmental	69,606	-	-	69,606	-
Interest	7,357	-	-	7,357	487
Interest and Fiscal Charges	(143,376)	(6,369)	-	(149,745)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(66,413)</u>	<u>(6,369)</u>	<u>-</u>	<u>(72,782)</u>	<u>487</u>
<i>Income (Loss) Before Capital Contributions and Transfers</i>	691,536	431,141	14,852	1,137,529	(1,867)
Capital Contributions	25,000	-	-	25,000	-
Transfers In	209,370	1,000,000	-	1,209,370	-
Transfers Out	-	(13,319)	-	(13,319)	-
<i>Change in Net Position</i>	925,906	1,417,822	14,852	2,358,580	(1,867)
<i>Net Position Beginning of Year</i>	<u>10,387,223</u>	<u>11,896,499</u>	<u>(531)</u>		<u>20,390</u>
<i>Net Position End of Year</i>	<u>\$ 11,313,129</u>	<u>\$ 13,314,321</u>	<u>\$ 14,321</u>		<u>\$ 18,523</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				<u>1,107</u>	
Changes in Net Position of Business-Type Activities				<u>\$ 2,359,687</u>	

See accompanying notes to the basic financial statements.

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

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,643,968	\$ 2,863,849	\$ 560,333	\$ 6,068,150	\$ 547,822
Cash Received from Lease	7,935	-	-	7,935	-
Cash Received from Other Operating Receipts	609	7,577	1,075	9,261	25,806
Cash Payments to Suppliers for Goods and Services	(297,591)	(300,454)	(5,575)	(603,620)	-
Cash Payments to Employees for Services and Benefits	(675,568)	(644,199)	(22,122)	(1,341,889)	-
Cash Payments for Contractual Services	(446,789)	(686,499)	(514,775)	(1,648,063)	(251,543)
Cash Payments for Claims	-	-	-	-	(291,686)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,232,564</u>	<u>1,240,274</u>	<u>18,936</u>	<u>2,491,774</u>	<u>30,399</u>
Cash Flows from Noncapital Financing Activities					
Intergovernmental Revenue	69,606	-	-	69,606	-
Transfers In	209,370	1,000,000	-	1,209,370	-
Transfers Out	-	(13,319)	-	(13,319)	-
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>278,976</u>	<u>986,681</u>	<u>-</u>	<u>1,265,657</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds of OWDA Loans	3,260,615	4,299,249	-	7,559,864	-
Acquisition of Capital Assets	(3,319,141)	(4,410,928)	-	(7,730,069)	-
Principal Payments on Debt	(972,817)	(1,926,758)	-	(2,899,575)	-
Interest Payments on Debt	(143,376)	(6,369)	-	(149,745)	-
<i>Net Cash (Used for) Capital and Related Financing Activities</i>	<u>(1,174,719)</u>	<u>(2,044,806)</u>	<u>-</u>	<u>(3,219,525)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest	7,357	-	-	7,357	487
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	344,178	182,149	18,936	545,263	30,886
<i>Cash and Cash Equivalents Beginning of Year</i>	844,949	2,241,621	56,089	3,142,659	66,793
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,189,127</u>	<u>\$ 2,423,770</u>	<u>\$ 75,025</u>	<u>\$ 3,687,922</u>	<u>\$ 97,679</u>

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by (Used for) Operating Activities**

Operating Income (Loss)	\$ 757,949	\$ 437,510	\$ 14,852	\$ 1,210,311	\$ (2,354)
Adjustments:					
Depreciation	587,209	913,728	-	1,500,937	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(19,817)	(19,706)	(17,285)	(56,808)	-
Prepaid Items	3,295	2,922	132	6,349	-
Lease Receivable	4,854	-	-	4,854	-
Net OPEB Asset	(38,126)	(36,896)	(1,229)	(76,251)	-
Deferred Outflows - Pension/OPEB	11,236	11,738	(264)	22,710	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	41,863	31,443	25,741	99,047	-
Accrued Wages	377	1,105	6	1,488	-
Intergovernmental Payable	151	444	1	596	-
Refundable Deposits	4,324	4,702	920	9,946	-
Claims Payable	-	-	-	-	32,753
Compensated Absences Payable	10,795	(3,206)	-	7,589	-
Deferred Inflows - Pension/OPEB	62,378	60,366	1,524	124,268	-
Deferred Inflows - Lease	(24,586)	-	-	(24,586)	-
Net Pension Liability	(169,338)	(163,876)	(5,462)	(338,676)	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,232,564</u>	<u>\$ 1,240,274</u>	<u>\$ 18,936</u>	<u>\$ 2,491,774</u>	<u>\$ 30,399</u>

Noncash Capital Financing Activities:

The City purchased \$229,120 and \$7,650 of capital assets on account for the water fund in 2022 and 2021, respectively.
The City purchased \$367,815 and \$12,772 of capital assets on account for the sewer fund in 2022 and 2021, respectively.
Governmental activities purchased \$25,000 of capital assets for the water fund in 2022.

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1: REPORTING ENTITY

The City of Delphos, Ohio (the “City”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City is directed by a seven-member Council, of which three seats are elected at-large and four by City ward for four year terms. The Council President votes to break a tie. The Mayor is elected to a four-year term.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The City provides various services, including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), water and sewer, sanitation and general administrative and legislative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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 either the City is able to significantly influence the programs or services performed or provided by the organization; or the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. Currently, the City has no component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the City's accounting policies are described below.

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. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

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

B. Fund Accounting

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

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

General Fund The general fund is used to account for all financial resources except those 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.

Street Maintenance Fund The street maintenance special revenue fund is required by the Ohio Revised Code to account for state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Income Tax Fund Per City Ordinance, this fund receives 29 percent of the City's income tax levy. Administrative costs of the income tax department are paid from this fund, and any residual funds are transferred to the sewer fund for sewer system improvements.

Park Fund Per City Ordinance, this fund receives 14 percent of the City's income tax levy. This represents a 0.25 percent voter approved levy that was originally passed in 2014, renewed in 2017 and renewed again in 2020, for an additional five years. Administrative and maintenance costs of the park fund are paid from this fund.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service:

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.

Water Fund The water fund accounts for the provision of water service to the residents and commercial users located within and outside of the City.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within and outside of the City.

Sanitation Fund The sanitation fund accounts for sanitation service to its residential users located within and outside of the City.

Internal Service Fund The internal service fund accounts for the financing of service provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City uses an internal service fund to account for the operation of the City's self-insurance program for employee medical benefits, as well as the City's contribution to the employee's HRA accounts.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and 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.

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 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.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities 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 position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

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 5). Revenue from grants, entitlements and donations is recognized in the fiscal 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 non-exchange transactions must also be available before it can be recognized.

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

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 position 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 pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental 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 charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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. Pooled Cash and Investments

To improve cash management, 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. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The City participates in The Jefferson Health Plan self-insurance program and the Cities cash balance held by Jefferson Health Plan is reported as "Cash and Cash Equivalents with Fiscal Agent". The City has paid cash for local portions of ODOT projects before the expenditures are incurred. These amounts are reported as "Cash and Cash Equivalents with Fiscal Agent". Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy. Interest receipt credited to the general fund during 2022 amounted to \$11,713, which includes \$8,168 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method. 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.

G. Capital Assets

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

All reported capital assets, except for 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 replacement. The City's infrastructure consists of water and sewer lines and roads. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Governmental and Business-Type Activities Estimated Useful Life
Land Improvements	15-30 years
Buildings	10-50 years
Vehicles	5-15 years
Equipment	5-20 years
Infrastructure	50 years

H. Interfund Balances

On the fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "Advances to/from Other Funds".

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if, 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. A liability for vacation leave is based on the vacation leave accumulated at December 31, 2022. Sick leave benefits are accrued as a liability using the termination payments method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources and is recorded as an expenditure and fund liability of the governmental fund that will pay it.

The entire compensated absences liability is reported on the government-wide statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "matured compensated absences

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

payable” in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

J. 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.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related 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.

L. 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. As of year-end, no net position was restricted for enabling legislation.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

M. 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 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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.

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. City Council has by resolution authorized the City Auditor to assign fund balance. 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.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation and insurance funds. 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 this definition are reported as nonoperating.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2022.

Q. Estimates

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

R. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, 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 resolution 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 object level within each department in the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

The appropriations resolution 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 resolution 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.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, grants or outside contributions of resources restricted to capital acquisition and construction.

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the 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 the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assigned, committed or restricted fund balance (GAAP).
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 for the general and major special revenue funds.

Net Change in Fund Balance

	General	Street Maintenance	Income Tax	Park
GAAP Basis	\$ (63,910)	\$ 173,929	\$ 42,282	\$ 71,394
Net Adjustment for Revenue Accruals	(11,247)	(7,580)	(6,073)	(2,932)
Net Adjustment for Expenditure Accruals	50,043	(2,981)	12,026	(2,413)
Funds Budgeted Elsewhere *	(476)	-	-	-
Adjustment for Encumbrances	(471,245)	(67,626)	-	-
Budget Basis	<u>\$ (496,835)</u>	<u>\$ 95,742</u>	<u>\$ 48,235</u>	<u>\$ 66,049</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

* 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 unclaimed funds.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guarantee 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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed two hundred and seventy days from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At December 31, 2022 the City had \$313 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At December 31, 2022, \$8,722,424 of the City's bank balance of \$9,222,424 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- 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. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Funds Held by Fiscal Agent - The City participates in the Jefferson Health Plan for employee benefits. The City has \$63,006 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium. The City has an ongoing road resurfacing project with the Ohio Department of Transportation. Due to the timing of when expenses were paid by the City and costs were incurred for this project, the City has \$790,972 representing nonmajor governmental funds cash and cash equivalents with fiscal agent.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 5: TAXES

A. Property Taxes

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all City operations for the year ended December 31, 2022, was \$6.75 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

	<u>Allen County</u>	<u>Van Wert County</u>
Real Property	\$ 78,997,310	\$ 40,294,810
Public Utilities - Real	7,840	4,870
Public Utilities - Personal	2,788,860	2,088,750
Total Assessed Value	\$ 81,794,010	\$ 42,388,430

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

B. Income Taxes

The City levies an income tax of 1.75 percent on all income earned within the City, as well as incomes of City residents earned outside the City. Residents are granted a 0.75 percent credit on income earned and taxed by another Ohio municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The City allocates income tax receipts to the general, income tax and park funds. The income tax is to be divided 57 percent to the general fund, 29 percent to the income tax fund and 14 percent to the park fund with any expenditures of the income tax process to be charged to the income tax fund and the remainder to be transferred to the sewer fund for sewer system improvements. The amount allocated to the park fund represents a 0.25 percent voter approved levy that was originally passed in 2014, renewed in 2017 and renewed again in 2020, for an additional five years.

C. Tax Abatements

The City has four Enterprise Zone Agreements and one CRA Agreement, for a total 2022 abated amount of \$161,037.

NOTE 6: RECEIVABLES

Receivables at December 31, 2022 consisted of taxes, accounts (billings for user charged services), long-term advances, leases and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

NOTE 7: INTERFUND ACTIVITY

A. Interfund Transfers

Following is a summary of transfers in and out for all funds for 2022:

Transfer To	Transfer From			Total
	General	Income Tax	Sewer	
Street Maintenance	\$ 427,000	\$ -	\$ -	\$ 427,000
Nonmajor Governmental	1,071,800	-	13,319	1,085,119
Sewer Fund	-	1,000,000	-	1,000,000
Water	209,370	-	-	209,370
<i>Total</i>	<u>\$ 1,708,170</u>	<u>\$ 1,000,000</u>	<u>\$ 13,319</u>	<u>\$ 2,721,489</u>

The general fund made transfers of \$427,000, \$1,071,800, and \$209,370 to the street maintenance, other governmental funds, and water fund respectively, to provide additional resources for current operations. The \$1,000,000 transfer from the income tax fund to the sewer fund were in accordance with the City's income tax ordinance. The sewer fund transferred \$13,319 to other governmental funds to provide the local share of ODOT projects.

In addition, governmental funds purchased \$25,000 in capital assets for the water fund. These purchases are reflected as transfers on the government-wide statement of activities.

B. Advances to and Advances from Other Funds

During a prior year the general fund advanced \$100,000 to the sewer fund for engineering fees for the wastewater treatment plant improvement project. This will be repaid to the general fund once the project is completed.

NOTE 8: CAPITAL ASSETS

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Governmental activities capital asset activity for the fiscal year ended December 31, 2022 was as follows:

Governmental Activities	Beginning Balance 1/1/2022	Increases	Decreases	Ending Balance 12/31/2022
Capital assets, not being depreciated:				
Land	\$ 523,860	\$ -	\$ -	\$ 523,860
Construction in progress	3,701,384	746,734	-	4,448,118
Total capital assets, not being depreciated	<u>4,225,244</u>	<u>746,734</u>	<u>-</u>	<u>4,971,978</u>
Capital assets, being depreciated:				
Buildings	1,915,277	-	-	1,915,277
Land improvements	2,754,756	75,890	-	2,830,646
Vehicles	1,966,402	-	(14,000)	1,952,402
Equipment	2,202,590	119,565	-	2,322,155
Infrastructure	2,070,907	-	-	2,070,907
Total capital assets, being depreciated	<u>10,909,932</u>	<u>195,455</u>	<u>(14,000)</u>	<u>11,091,387</u>
Less: accumulated depreciation				
Buildings	(1,222,151)	(39,468)	-	(1,261,619)
Land improvements	(1,586,508)	(98,518)	-	(1,685,026)
Vehicles	(1,699,250)	(60,903)	14,000	(1,746,153)
Equipment	(1,209,803)	(124,390)	-	(1,334,193)
Infrastructure	(295,275)	(127,895)	-	(423,170)
Total accumulated depreciation	<u>(6,012,987)</u>	<u>(451,174)</u>	<u>14,000</u>	<u>(6,450,161)</u>
Total capital assets being depreciated, net	<u>4,896,945</u>	<u>(255,719)</u>	<u>-</u>	<u>4,641,226</u>
Governmental activities capital assets, net	<u>\$ 9,122,189</u>	<u>\$ 491,015</u>	<u>\$ -</u>	<u>\$ 9,613,204</u>

Depreciation expense was charged to the function/program of the governmental functions as follows:

<u>Governmental Activities:</u>	
General government	\$ 14,782
Security of persons and property	129,637
Leisure time services	151,785
Transportation	154,970
Total Depreciation Expense	<u>\$ 451,174</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The business-type activities capital asset activity for the fiscal year ended December 31, 2022 was as follows:

Business-Type Activities	Beginning Balance 1/1/2022	Increases	Decreases	Ending Balance 12/31/2022
Capital assets, not being depreciated:				
Land	\$ 889,207	\$ -	\$ -	\$ 889,207
Construction in progress	665,163	8,164,512	-	8,829,675
Total capital assets, not being depreciated	<u>1,554,370</u>	<u>8,164,512</u>	<u>-</u>	<u>9,718,882</u>
Capital assets, being depreciated:				
Buildings	36,353,931	-	-	36,353,931
Land improvements	4,462,442	-	-	4,462,442
Vehicles	726,480	37,000	-	763,480
Equipment	19,303,268	80,570	-	19,383,838
Infrastructure	19,182,921	49,500	-	19,232,421
Total capital assets, being depreciated	<u>80,029,042</u>	<u>167,070</u>	<u>-</u>	<u>80,196,112</u>
Less: accumulated depreciation				
Buildings	(12,099,366)	(710,229)	-	(12,809,595)
Land improvements	(1,552,378)	(102,082)	-	(1,654,460)
Vehicles	(535,350)	(41,435)	-	(576,785)
Equipment	(15,973,788)	(284,104)	-	(16,257,892)
Infrastructure	(7,654,018)	(363,087)	-	(8,017,105)
Total accumulated depreciation	<u>(37,814,900)</u>	<u>(1,500,937)</u>	<u>-</u>	<u>(39,315,837)</u>
Total capital assets being depreciated, net	<u>42,214,142</u>	<u>(1,333,867)</u>	<u>-</u>	<u>40,880,275</u>
Business-type activities capital assets, net	<u>\$ 43,768,512</u>	<u>\$ 6,830,645</u>	<u>\$ -</u>	<u>\$ 50,599,157</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$198,906 for 2022. Of this amount, \$18,303 is reported as an intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits).

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$227,786 for 2022. Of this amount, \$23,449 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.009252%	0.043105%	
Prior Measurement Period	0.009125%	0.044742%	
Change in Proportion	0.000127%	-0.001637%	
 Proportionate Share of the Net			
Pension Liability	\$ 804,961	\$ 2,692,926	\$ 3,497,887
Pension Expense	\$ (108,697)	\$ 275,742	\$ 167,045

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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	\$ 41,036	\$ 77,653	\$ 118,689
Changes of Assumptions	100,659	492,156	592,815
Changes in Proportionate Share and Differences in Contributions	24,139	166,746	190,885
City Contributions Subsequent to the Measurement Date	198,906	227,786	426,692
Total Deferred Outflows of Resources	\$ 364,740	\$ 964,341	\$ 1,329,081
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 17,655	\$ 139,998	\$ 157,653
Net Difference between Projected and Actual Earnings on Pension Plan Investments	957,472	706,053	1,663,525
Changes in Proportionate Share and Differences in Contributions	23,425	203,356	226,781
Total Deferred Inflows of Resources	\$ 998,552	\$ 1,049,407	\$ 2,047,959

\$426,692 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (130,464)	\$ 14,728	\$ (115,736)
2024	(324,804)	(216,799)	(541,603)
2025	(225,140)	(87,627)	(312,767)
2026	(152,310)	(64,294)	(216,604)
2027	-	41,140	41,140
Total	\$ (832,718)	\$ (312,852)	\$ (1,145,570)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

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

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

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

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

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

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,122,316	\$ 804,961	\$ (291,253)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 3,993,609	\$ 2,692,926	\$ 1,609,824

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

See Note 9 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$5,492 for 2022. Of this amount, \$563 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.008944%	0.0431046%	
Prior Measurement Period	0.008821%	0.0447417%	
Change in Proportion	0.000123%	-0.0016371%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (280,140)	\$ 472,463	
OPEB Expense	\$ (227,550)	\$ 69,813	\$ (157,737)

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 21,493	\$ 21,493
Changes of Assumptions	-	209,125	209,125
Changes in Proportionate Share and Differences in Contributions	8,045	114,585	122,630
City Contributions Subsequent to the Measurement Date	-	5,492	5,492
Total Deferred Outflows of Resources	\$ 8,045	\$ 350,695	\$ 358,740
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 42,493	\$ 62,440	\$ 104,933
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	133,554	42,676	176,230
Changes of Assumptions	113,398	54,872	168,270
Changes in Proportionate Share and Differences in Contributions	15,761	30,946	46,707
Total Deferred Inflows of Resources	\$ 305,206	\$ 190,934	\$ 496,140

\$5,492 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability (asset) in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (187,433)	\$ 50,484	\$ (136,949)
2024	(61,367)	44,148	(17,219)
2025	(29,181)	40,730	11,549
2026	(19,180)	1,314	(17,866)
2027	-	8,869	8,869
Thereafter	-	8,724	8,724
Total	\$ (297,161)	\$ 154,269	\$ (142,892)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

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

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and

City of Delphos
Allen County, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

Discount Rate A single discount rate of 6.0 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (164,748)	\$ (280,140)	\$ (375,916)

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (283,167)	\$ (280,140)	\$ (276,548)

Actuarial Assumptions – OP&F

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Valuation Date	January 1, 2021, with Actuarial Liabilities Rolled Forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	2.84 Percent
Prior Measurement Date	2.96 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year

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

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

Note: Assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 593,897	\$ 472,463	\$ 372,645

NOTE 11: COMMITMENTS

A. Contractual Commitments

The City had the following contractual commitment outstanding at December 31, 2022:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 12/31/2022</u>
Ambulance	\$ 303,715	\$ -	\$ 303,715
Dump Truck	202,877	-	202,877
Fire Hydrants	25,000	12,500	12,500
Gressel Drive Relocation	190,500	178,475	12,025
Police Car	167,530	-	167,530
Pump Station	102,600	10,886	91,714
Skinner Street	342,489	-	342,489
South Main Street Rehab Truck	1,915,842	825,497	1,090,345
	40,000	-	40,000
Water Tower	3,026,069	2,526,604	499,465
WWTP Improvements	6,278,419	4,466,764	1,811,655
	<u>\$ 12,595,041</u>	<u>\$ 8,020,726</u>	<u>\$ 4,574,314</u>

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments 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.

B. Other Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 471,245
Street Maintenance	67,626
Other Governmental	29,763
Total	<u>\$ 568,634</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 12: COMPENSATED ABSENCES

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. All full time employees shall be required to accumulate a total of 1,040 (1,440 for fire fighters) hours sick leave, after which an employee may elect one of the following options for current sick leave at the end of each calendar year: 1) Carry forward the balance. 2) Receive a cash benefit which equals one (1) hour base rate of pay for every two (2) hours of unused current sick leave. The cash benefit is not subject to contributions to any of the retirement systems. Employees earn vacation at different rates which are also affected by length of service. Vacation can be carried over at different limits depending on the negotiated agreements and/or policy and procedure manual. Any exceptions to these must be approved by the City’s Safety Service Director. Overtime worked is either paid to employees on the paycheck for the period in which it was worked or accumulated as comp time.

The City does pay off personal time; if an employee has over 20 years of consecutive years of service they receive 40 extra personal hours per year. These 40 hours are subject for cash benefit. Also if an employee is retiring or resigns they receive cash benefit of the balance of their personal hours

Upon retirement, an employee can be paid up to one half of their accumulated hours of sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not used.

NOTE 13: LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the City during 2022 were as follows:

	Outstanding 1/1/2022	Additions	Deletions	Outstanding 12/31/2022	Amounts Due In One Year
Governmental Activities:					
<i>Other Long-Term Obligations:</i>					
Net Pension Liability	\$ 3,563,544	\$ -	\$ (564,733)	\$ 2,998,811	\$ -
Net OPEB Liability	474,045	-	(1,582)	472,463	-
Compensated Absences	556,510	138,867	(166,712)	528,665	113,019
<i>Total Governmental Activities</i>					
<i>Other Long-Term Obligations:</i>	<u>\$ 4,594,099</u>	<u>\$ 138,867</u>	<u>\$ (733,027)</u>	<u>\$ 3,999,939</u>	<u>\$ 113,019</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

	Outstanding 1/1/2022	Additions	Deletions	Outstanding 12/31/2022	Amounts Due In One Year
Business-Type Activities:					
Direct Borrowings:					
<i>OWDA loans:</i>					
2005 OWDA loan	\$ 10,665,252	\$ -	\$ (1,735,693)	\$ 8,929,559	\$ 1,752,221
2006 OWDA loan	5,794,344	-	(843,389)	4,950,955	860,341
2007 OWDA loan	559,348	-	(24,886)	534,462	25,972
2007 OWDA loan	218,999	-	(34,708)	184,291	35,406
2013 OWDA loan	37,540	-	(2,934)	34,606	2,993
2017 OWDA loan	3,963,079	-	(149,550)	3,813,529	149,550
2019 OWDA loan *	276,751	3,984,341	-	4,261,092	232,566
2020 OWDA loan *	155,355	2,386,504	-	2,541,859	106,620
2020 OWDA loan	86,625	9,502	(3,204)	92,923	3,204
2021 OWDA loan *	29,445	304,022	(9,515)	323,952	5,498
2022 OWDA loan *	-	506,641	-	506,641	-
2022 OWDA loan *	-	357,968	-	357,968	-
2022 OWDA loan *	-	10,886	-	10,886	-
<i>Total OWDA Loans</i>	<u>21,786,738</u>	<u>7,559,864</u>	<u>(2,803,879)</u>	<u>26,542,723</u>	<u>3,174,371</u>
<i>OPWC Loans:</i>					
2007 OPWC loan	65,989	-	(8,799)	57,190	8,799
2015 OPWC loan	480,000	-	(32,000)	448,000	32,000
2016 OPWC loan	589,421	-	(35,724)	553,697	35,723
2021 OPWC loan	482,068	-	(19,173)	462,895	23,738
<i>Total OPWC Loans</i>	<u>1,617,478</u>	<u>-</u>	<u>(95,696)</u>	<u>1,521,782</u>	<u>100,260</u>
<i>Total Direct Borrowings</i>	<u>23,404,216</u>	<u>7,559,864</u>	<u>(2,899,575)</u>	<u>28,064,505</u>	<u>3,274,631</u>
Other Long-Term Obligations:					
Net Pension Liability	837,752	-	(338,676)	499,076	-
Compensated Absences	445,197	134,663	(127,074)	452,786	87,681
<i>Total Other Long-Term Obligations</i>	<u>1,282,949</u>	<u>134,663</u>	<u>(465,750)</u>	<u>951,862</u>	<u>87,681</u>
<i>Total Business-Type Activities, Long-Term Liabilities</i>	<u>\$ 24,687,165</u>	<u>\$ 7,694,527</u>	<u>\$ (3,365,325)</u>	<u>\$ 29,016,367</u>	<u>\$ 3,362,312</u>

* Not included in the following principal and interest table because the projects are still in process and an amortization schedule in not yet available.

Direct Borrowings

The 2005 Ohio Water Development Authority (OWDA) loan was for construction of a new wastewater treatment plant. The full amount of the loan was \$32,843,045, matures in the year 2028.

The 2006 and 2007 Ohio Water Development Authority (OWDA) loans were for construction of a new water treatment plant and reservoir. The loan amounts are \$15,294,870 and \$635,090 respectively. The loans bear interest rates of 2.00 percent and 4.32 percent respectively. The water treatment plant was up and running in October 2007. Revenue of the facilities will be pledged to repay the debt. Both loans mature in the year 2028.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The 2007 Ohio Water Development Authority (OWDA) loan was for the construction of an upground water reservoir tank. The full amount of the loan was \$789,208, matures in the year 2037 and bears an interest rate of 2.00 percent.

The 2007 Ohio Public Works Commission (OPWC) loan is for the construction of an upground waterline. Construction was started and completed in 2007. The full amount of the loan was \$175,968 and matures in the year 2028. The City water system revenues will be used for the principal repayment.

The 2013 Ohio Water Development Authority (OWDA) loan is for the construction of a waterline loop. Construction was started in 2013. The loan was approved for \$60,257. The City's water system revenues will be used for the principal repayment. This loan matures in the year 2033 and bears an interest rate of 2.00 percent.

The 2015 Ohio Public Works Commission (OPWC) loan is for improvements to the wastewater treatment plant. Construction was started in 2015. The full amount of the loan is \$640,000 and matures in the year 2036. The City sewer system revenues will be used for the principal repayment.

The 2016 Ohio Public Works Commission (OPWC) loan is for water meter replacement. The full amount of the loan is \$714,447 and matures in the year 2037. The City water system revenues will be used for the principal repayment.

The 2017 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant. Construction was started in 2017. The loan amount is \$4,486,505. The City's sewer system revenues will be used for the principal repayment. This loan matures in the year 2048 and bears an interest rate of 0.00 percent.

The 2019 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant's membranes. The loan was approved for \$7,207,125, of which \$4,261,092 had been drawn down as of December 31, 2022. The City's sewer system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for an elevated water tank replacement. The loan was approved for \$82,850, all of which had been drawn down as of December 31, 2022. This loan was rolled into the 2021 (OWDA) loan that was approved for \$3,351,027, of which \$2,541,859 had been drawn down as of December 31, 2022. The City's water system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for a waterline replacement on Fifth Street. The loan was approved for \$97,566, of which \$96,127 had been drawn down as of December 31, 2022. The City's water system revenues will be used for the principal repayment.

The 2021 Ohio Water Development Authority (OWDA) loan is for a pump station improvements on Ricker Street. The loan was approved for \$370,522, of which \$333,467 had been drawn down as of December 31, 2022. The City's sewer system revenues will be used for the principal repayment.

The 2021 Ohio Public Works Commission (OPWC) loan is for the Fifth Street Waterline. The full amount of the loan was \$482,068. The City's water system revenues will be used for the principal repayment.

The 2022 Ohio Water Development Authority (OWDA) loan is for a valve replacement. The loan was approved for \$506,641, of which all had been drawn down as of December 31, 2022. The City's water system revenues will be used for the principal repayment.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The 2022 Ohio Water Development Authority (OWDA) loan is for South Main Street Waterline. The loan was approved for \$1,219,216, of which \$357,968 had been drawn down as of December 31, 2022. The City's water system revenues will be used for the principal repayment.

The 2022 Ohio Water Development Authority (OWDA) loan is for a Pump Station Improvements. The loan was approved for \$52,100, of which \$10,886 had been drawn down as of December 31, 2022. The City's sewer system revenues will be used for the principal repayment.

The OWDA Water Pollution Control Loan Fund Refinancing Agreement pledges wastewater fund income to pay debt service. In addition, special provisions exist regarding redemptions of principal, maintenance, operation, insurance and condemnation of the project facilities.

The City has pledged future water and sewer revenues, net of specified operating expenses to repay \$28,064,505 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 110.24 percent. Principal and interest paid for the current year and total net receipts were \$3,049,320 and \$2,766,002, respectively.

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 City 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.

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

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 9 and 10.

The annual requirements to amortize all bonded debt and loans as of December 31, 2022 are as follows:

	OWDA Loans *		OPWC Loans	Totals	
	Principal	Interest	Principal	Principal	Interest
2023	\$ 2,829,687	\$ 121,737	\$ 100,260	\$ 2,929,947	\$ 121,737
2024	2,865,573	102,538	100,258	2,965,831	102,538
2025	2,902,027	82,927	100,260	3,002,287	82,927
2026	2,939,067	62,892	100,258	3,039,325	62,892
2027	2,976,698	42,429	100,260	3,076,958	42,429
2028-2032	1,429,266	74,315	470,499	1,899,765	74,315
2033-2037	982,867	26,657	425,303	1,408,170	26,657
2038-2042	763,771	-	124,684	888,455	-
2043-2047	763,771	-	-	763,771	-
2048-2051	87,598	-	-	87,598	-
Totals	<u>\$ 18,540,325</u>	<u>\$ 513,495</u>	<u>\$ 1,521,782</u>	<u>\$ 20,062,107</u>	<u>\$ 513,495</u>

* The OWDA Loan balance does not tie to the amount on the previous page due the 2019, 2021 and 2022 loans relating to projects still in process at year end. These 6 loans amortization schedules are not yet available.

NOTE 14: LEASE RECEIVABLE

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The City leases, to Verizon Wireless, space a top of its water tower for cell phone tower equipment. The lease commenced in 2012 and had an initial term of 5 years. In addition, the lease has 5, 5-year, extension terms. The City is reporting a lease receivable of \$486,857 in the water fund. This amount represents the discounted future monthly lease payments. This discount is being amortized using the straight-line method. For 2022, the City reported lease revenue of \$20,310 and interest revenue of \$7,357.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,452	\$ 7,353	\$ 23,805
2024	16,700	7,105	23,805
2025	16,952	6,853	23,805
2026	17,208	6,597	23,805
2027	21,039	6,337	27,376
2028-2032	114,166	26,819	140,985
2033-2037	144,829	17,304	162,133
2038-2041	139,511	5,307	144,818
	<u>\$ 486,857</u>	<u>\$ 83,675</u>	<u>\$ 570,532</u>

NOTE 15: 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; and natural disasters.

The City maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years, nor has insurance coverage been significantly reduced in the past year.

Workers' Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The City is self-insured for its medical insurance program. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The City is a member of the Jefferson Health Plan, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. Claims above a \$50,000 deductible are internally pooled. Claims above \$1,500,000 are covered by stop loss. Under generally accepted accounting principles, the City has recorded a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2022 and 2021 are as follows:

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Liability Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2022	\$ 46,403	\$ 324,439	\$ 291,686	\$ 79,156
2021	\$ 82,147	\$ 330,358	\$ 366,102	\$ 46,403

NOTE 16: FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General Fund	Street Maintenance	Income Tax	Park Fund	Nonmajor Governmental	Total
Nonspendable for:						
Long-term Advances	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Prepays	19,528	1,816	114	3,946	-	25,404
Unclaimed Monies	3,882	-	-	-	-	3,882
Total Nonspendable	<u>123,410</u>	<u>1,816</u>	<u>114</u>	<u>3,946</u>	<u>-</u>	<u>129,286</u>
Restricted for:						
Capital Outlay	-	-	-	-	819,183	819,183
Street Maintenance	-	472,443	-	-	210,105	682,548
Public Safety	-	-	-	-	183,792	183,792
Economic Development	-	-	-	-	7,059	7,059
Parks and Recreation	-	-	-	334,085	-	334,085
Total Restricted	<u>-</u>	<u>472,443</u>	<u>-</u>	<u>334,085</u>	<u>1,220,139</u>	<u>2,026,667</u>
Committed for:						
Income Tax	-	-	501,510	-	-	501,510
Guaranteed Street Bond	-	-	-	-	21,200	21,200
Total Committed	<u>-</u>	<u>-</u>	<u>501,510</u>	<u>-</u>	<u>21,200</u>	<u>522,710</u>
Assigned:						
Subsequent Year Appropriations	2,768,159	-	-	-	-	2,768,159
Total Assigned	<u>2,768,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,768,159</u>
Total Fund Balance	<u>\$2,891,569</u>	<u>\$ 474,259</u>	<u>\$ 501,624</u>	<u>\$ 338,031</u>	<u>\$1,241,339</u>	<u>\$5,446,822</u>

NOTE 17: CONTINGENCIES

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The City may be a party to legal proceedings seeking damages. The City management is of the opinion that the ultimate disposition of the claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for disbursements disallowed under the terms of the grant. Based on prior experience, City management believes such disallowance, if any, will be immaterial.

NOTE 18: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

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

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

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

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

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

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and

City of Delphos
Allen County, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.009252%	0.009125%	0.009452%	0.008497%
City's Proportionate Share of the Net Pension Liability	\$ 804,961	\$ 1,351,214	\$ 1,868,252	\$ 2,327,156
City's Covered Payroll	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.49%	203.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.043105%	0.044742%	0.042647%	0.046297%
City's Proportionate Share of the Net Pension Liability	\$ 2,692,926	\$ 3,050,082	\$ 2,872,896	\$ 3,779,059
City's Covered Payroll	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	238.63%	264.53%	279.64%	354.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

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

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.008595%	0.008268%	0.008064%	0.008028%	0.008028%
\$ 1,348,433	\$ 1,877,626	\$ 1,396,786	\$ 968,267	\$ 946,397
\$ 1,138,914	\$ 1,111,750	\$ 1,003,625	\$ 1,032,858	\$ 1,427,915
118.40%	168.89%	139.17%	93.75%	66.28%
84.66%	77.25%	81.08%	86.45%	86.36%
0.046461%	0.040498%	0.034220%	0.037535%	0.037535%
\$ 2,851,509	\$ 2,565,091	\$ 2,201,397	\$ 1,944,464	\$ 1,828,067
\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959
277.99%	290.89%	307.97%	254.66%	187.50%
70.91%	68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 198,906	\$ 187,984	\$ 179,923	\$ 186,176
Contributions in Relation to the Contractually Required Contribution	<u>(198,906)</u>	<u>(187,984)</u>	<u>(179,923)</u>	<u>(186,176)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 227,786	\$ 233,688	\$ 239,471	\$ 212,792
Contributions in Relation to the Contractually Required Contribution	<u>(227,786)</u>	<u>(233,688)</u>	<u>(239,471)</u>	<u>(212,792)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351
Contributions as a Percentage of Covered Payroll	20.74%	20.71%	20.77%	20.71%

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 160,267	\$ 148,059	\$ 133,607	\$ 120,435	\$ 123,943	\$ 185,629
<u>(160,267)</u>	<u>(148,059)</u>	<u>(133,607)</u>	<u>(120,435)</u>	<u>(123,943)</u>	<u>(185,629)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,144,764	\$ 1,138,914	\$ 1,111,750	\$ 1,003,625	\$ 1,032,858	\$ 1,427,915
14.00%	13.00%	12.02%	12.00%	12.00%	13.00%
\$ 221,133	\$ 214,753	\$ 184,251	\$ 146,805	\$ 156,819	\$ 171,153
<u>(221,133)</u>	<u>(214,753)</u>	<u>(184,251)</u>	<u>(146,805)</u>	<u>(156,819)</u>	<u>(171,153)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,066,890	\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959
20.73%	20.94%	20.89%	20.54%	20.54%	17.55%

See accompanying notes to the required supplementary information.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
City's Proportion of the Net OPEB Liability (Asset)	0.008944%	0.008821%	0.009120%	0.008261%	0.008365%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (280,140)	\$ (157,153)	\$ 1,259,709	\$ 1,077,039	\$ 908,354
City's Covered Payroll	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764	\$ 1,144,764
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.86%	-12.23%	94.73%	94.08%	79.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
City's Proportion of the Net OPEB Liability	0.043105%	0.044742%	0.042647%	0.046297%	0.046461%
City's Proportionate Share of the Net OPEB Liability	\$ 472,463	\$ 474,045	\$ 421,250	\$ 421,605	\$ 2,632,404
City's Covered Payroll	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890	\$ 1,066,890
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.87%	41.11%	41.00%	39.52%	246.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	45.42%	47.08%	46.57%	14.13%

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

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

See accompanying notes to the required supplementary information.

2017

0.008065%

\$ 814,592

\$ 1,138,914

71.52%

54.04%

0.040498%

\$ 1,922,349

\$ 1,025,748

187.41%

15.96%

See accompanying notes to the required supplementary information.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 1,420,757	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 5,492	\$ 5,642	\$ 5,765	\$ 5,137
Contributions in Relation to the Contractually Required Contribution	(5,492)	(5,642)	(5,765)	(5,137)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,098,302	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

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

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ 11,389	\$ 22,235	n/a	n/a	n/a
-	(11,389)	(22,235)	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a
\$ 1,144,764	\$ 1,138,914	\$ 1,111,750	n/a	n/a	n/a
0.00%	1.00%	2.00%	n/a	n/a	n/a
\$ 5,334	\$ 5,129	\$ 4,409	\$ 3,574	\$ 3,818	\$ 31,657
(5,334)	(5,129)	(4,409)	(3,574)	(3,818)	(31,657)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,066,890	\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959
0.50%	0.50%	0.50%	0.50%	0.50%	3.25%

See accompanying notes to the required supplementary information.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount Rate	6.90%	7.20%	7.20%	7.50%	8.00%

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

Changes in Benefit Terms – OPERS

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

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

Changes in Assumptions – OP&F

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

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

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

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

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

Changes in Benefit Terms – OPERS

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

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

Changes in Assumptions – OP&F

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

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

Changes in Benefit Terms – OP&F

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

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

City of Delphos
Allen County
608 North Canal Street
Delphos, Ohio 45833

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delphos, Allen County, (the City) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2024, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement 87, *Leases*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 17, 2024

**CITY OF DELPHOS
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

OTHER – FINDING FOR RECOVERY

We identified the following issue related to a Finding for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2023-001

Finding for Recovery – Repaid Under Audit

The Agreement between the City of Delphos and American Federation of State, County and Municipal Employees, Council 8, Local 1002-1, AFL-CIO Article 28 address Vacation time. Section 28.1 states in part that all full time employees will, after completing one (1) year of service, according to the employee’s original date of hire, or adjusted date of hire, be credited with vacation time as follows:

- A. Two (2) weeks of vacation for each employee who has worked one (1) year, but less than six (6) years.

In addition, Section 28.7 states employees, who have completed at least one (1) full year of service with the Employer and who resign or retire, are entitled to compensation at their current rate of pay for any earned but unused vacation leave to their credit at the time of separation, up to the maximum permitted in accordance with Section 28.4.

Due to lack of procedures in place regarding severance payments, during 2023, the City paid an employee for their vacation leave balance but the employee had not yet worked for the City for an entire year. Austin Ricker was hired on July 11, 2022 and had a resignation date of June 2, 2023. He was paid 71.2 hours of vacation leave accrued at his rate of pay for a total of \$1,248.

In accordance with the forgoing facts and pursuant to Ohio. Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Austin Ricker and City Auditor, jointly and severally in the amount of \$1,248, and in favor of City of Delphos Sewer fund, in the amount of \$1,248.

Austin Ricker repaid the City \$1,248 on August 2, 2024 and the amount was posted to the Sewer fund. The finding is considered repaid under audit.

The City should establish and implement procedures to verify that all severance payments are properly calculated based on the negotiated agreements in place.

Officials’ Response

Due to the Findings for Recovery for the City of Delphos and Austin Ricker, jointly, the amount of \$1,248 has been paid back to the City of Delphos.

This erroneous over payment has cause the City’s Auditor’s and Safety Service Director’s office to implement a revised checklist for all future terminated employees who have resigned or retired. Said checklist will be completed before any payoff is calculated for these employees.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF DELPHOS

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/7/2024

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

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