CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF SYLVANIA, OHIO

LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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City Council
City of Sylvania
6730 Monroe Street
Sylvania, Ohio 43560

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 08, 2024

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sylvania, Ohio:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, American Rescue Plan Fund and City Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 14, 2024

The discussion and analysis of the City of Sylvania's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial 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 $9,608,701. Net position of governmental activities increased $10,174,856 from 2022. Net position of business-type activities decreased $566,155 from 2022.

- General revenues accounted for $18.5 million in revenue or 49% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 51% of total revenues of $37.8 million.

- The City had $18.6 million in expenses related to governmental activities; only $10.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $18.2 million provided for these programs.

- Among major funds, the General Fund had $17.4 million in revenues. The General Fund had $17.4 million in expenditures and other uses including $4.5 million in transfers out to other funds. The General Fund's fund balance decreased from $7,132,055 to $7,113,932.

- Net position for enterprise funds decreased by $511,613.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements* and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *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 resource recovery services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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 City activities. 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. All of the City's fiduciary activities are reported in a separate Statement of Net Position and a separate Statement of Changes in Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provided a comparison of the City's net position between December 31, 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$38,811,377	$39,066,240	$8,484,585	$8,409,906	$47,295,962	$47,476,146
Capital assets, Net	45,014,616	35,071,348	16,575,151	17,534,010	61,589,767	52,605,358
Total assets	83,825,993	74,137,588	25,059,736	25,943,916	108,885,729	100,081,504
Deferred outflows of resources	7,288,595	3,866,911	1,145,676	355,348	8,434,271	4,222,259
Net pension liability	17,090,884	8,746,208	2,404,925	788,541	19,495,809	9,534,749
Net OPEB liability	861,290	1,098,294	53,147	0	914,437	1,098,294
Other long-term liabilities	8,983,955	10,374,738	2,909,171	3,161,751	11,893,126	13,536,489
Other liabilities	4,116,833	2,819,239	724,676	346,027	4,841,509	3,165,266
Total liabilities	31,052,962	23,038,479	6,091,919	4,296,319	37,144,881	27,334,798
Deferred inflows of resources	4,514,960	9,594,210	505,743	1,829,040	5,020,703	11,423,250
Net position:						
Net investment in capital assets	37,336,306	26,058,632	13,930,090	14,661,055	51,266,396	40,719,687
Restricted	6,008,295	5,666,901	0	0	6,008,295	5,666,901
Unrestricted	12,202,065	13,646,277	5,677,660	5,512,850	17,879,725	19,159,127
Total net position	$55,546,666	$45,371,810	$19,607,750	$20,173,905	$75,154,416	$65,545,715

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises 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 deferred outflows related to pension, OPEB and the Net OPEB Asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* 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 to equal the City's proportionate share of each plan's collective:

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

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

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

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

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

Changes in Net position – The following table shows the changes in net position for the fiscal year 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	$2,405,689	$2,234,489	$8,627,886	$9,740,011	$11,033,575	$11,974,500
Operating Grants and Contributions	2,760,270	2,685,366	0	0	2,760,270	2,685,366
Capital Grants and Contributions	5,490,038	861,797	0	0	5,490,038	861,797
Total Program Revenues	10,655,997	5,781,652	8,627,886	9,740,011	19,283,883	15,521,663
General Revenues:						
Property Taxes	2,324,699	2,287,119	0	0	2,324,699	2,287,119
Income Taxes	13,296,007	13,219,253	0	0	13,296,007	13,219,253
Intergovernmental Grant, Unrestricted	927,857	1,027,065	0	0	927,857	1,027,065
Investment Earnings	1,098,829	(786,915)	309,420	(269,720)	1,408,249	(1,056,635)
Miscellaneous	549,349	257,726	0	0	549,349	257,726
Total General Revenues	18,196,741	16,004,248	309,420	(269,720)	18,506,161	15,734,528
Total Revenues	28,852,738	21,785,900	8,937,306	9,470,291	37,790,044	31,256,191
Program Expenses						
Security of Persons and Property	6,960,637	6,793,046	0	0	6,960,637	6,793,046
Public Health and Welfare Services	146,855	141,221	0	0	146,855	141,221
Leisure Time Activities	992,220	803,562	0	0	992,220	803,562
Community Environment	869,197	734,651	0	0	869,197	734,651
Basic Utility Services	1,528,943	1,370,672	0	0	1,528,943	1,370,672
Transportation	1,761,421	2,829,512	0	0	1,761,421	2,829,512
General Government	6,119,569	4,378,613	0	0	6,119,569	4,378,613
Interest and Fiscal Charges	179,040	210,208	0	0	179,040	210,208
Water	0	0	5,375,496	4,876,891	5,375,496	4,876,891
Sewer	0	0	4,070,394	4,526,300	4,070,394	4,526,300
Resource Recovery	0	0	177,571	206,845	177,571	206,845
Total Expenses	18,557,882	17,261,485	9,623,461	9,610,036	28,181,343	26,871,521
Change in Net Position before Transfers	10,294,856	4,524,415	(686,155)	(139,745)	9,608,701	4,384,670
Transfers	(120,000)	(103,500)	120,000	103,500	0	0
Total Change in Net Position	10,174,856	4,420,915	(566,155)	(36,245)	9,608,701	4,384,670
Beginning Net Position, as Restated	45,371,810	40,950,895	20,173,905	20,210,150	65,545,715	61,161,045
Ending Net Position	$55,546,666	$45,371,810	$19,607,750	$20,173,905	$75,154,416	$65,545,715

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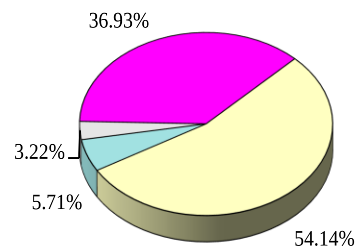
Governmental Activities

Net position of the City's governmental activities increased by $10,174,856. Much of this increase was related to an increase in capital grant receipts and an upturn in the market resulting in an increase in investment earnings during 2023.

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 8.1% and 46.1%, respectively, of revenues for governmental activities for the City in fiscal year 2023. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.1% of total revenues from general tax revenues:

Revenue Sources	2023	Percent of Total
Intergovernmental, Unrestricted	$927,857	3.22%
Program Revenues	10,655,997	36.93%
General Tax Revenues	15,620,706	54.14%
General Other	1,648,178	5.71%
Total Revenue	$28,852,738	100.00%



Business-Type Activities

Net position of the business-type activities decreased by $566,155. This decrease can be largely related to an increase in sewer collection costs paid to Lucas county from 2022 to 2023.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $28,223,255, which is a decrease from last year's balance of $28,961,320. The schedule below indicates the fund balance and the total change in fund balance by major fund as of December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	$7,113,932	$7,132,055	($18,123)
American Rescue Plan	40,560	11,683	28,877
City Services	1,327,670	1,242,634	85,036
G.O. Debt Service	909,228	706,431	202,797
Capital Improvement	15,282,574	16,569,693	(1,287,119)
Other Governmental	3,549,291	3,298,824	250,467
Total	$28,223,255	$28,961,320	($738,065)

The General Fund balance decreased $18,123 from 2022 to 2023. This is mostly due to the increase in transfers out to other funds during 2023 compared to 2022.

The Debt Service fund balance increase was mostly related to the decrease in debt service payments during 2023.

The decrease in fund balance in the Capital Improvement Fund can be attributed to the large increase in capital outlay from 2022 to 2023.

General Fund – The General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2023 Revenues	2022 Revenues	Increase (Decrease)
Taxes	$13,439,362	$13,176,099	$263,263
Intergovernmental Revenue	1,154,871	1,158,145	(3,274)
Charges for Services	837,950	692,700	145,250
Licenses, Permits and Fees	303,373	337,455	(34,082)
Fines and Forfeitures	1,070,584	1,056,360	14,224
Investment Earnings	335,490	(151,549)	487,039
All Other Revenue	252,891	282,876	(29,985)
Total	$17,394,521	$16,552,086	$842,435

General Fund revenues in 2023 increased compared to revenues in fiscal year 2022. The most significant factor contributing to this increase was an increase in investment earnings from 2022 to 2023 due to an upturn in the market during 2023.

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
Security of Persons and Property	$4,888,969	$5,316,908	($427,939)
Public Health and Welfare Services	130,349	121,614	8,735
Leisure Time Activities	852,899	861,998	(9,099)
Community Environment	546,491	498,177	48,314
Basic Utility Services	1,056,693	1,025,717	30,976
Transportation	231,288	180,059	51,229
General Government	5,204,962	4,853,156	351,806
Total	$12,911,651	$12,857,629	$54,022

General Fund expenditures increased by $54,022. The largest portion of this increase came in general government, mostly due to the regular increases in costs.

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 fiscal year 2023 the City amended its General Fund budget several times. None were very significant.

For the General Fund, final budget basis revenue of $18.9 million did not increase from the original budget estimates of $18.9.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the City had $61,589,767 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, $45,014,616 was related to governmental activities and $16,575,151 to the business-type activities. The following table shows fiscal year 2023 and 2022 balances:

	Governmental Activities		
	2023	2022	Increase (Decrease)
Land	$9,805,579	$9,805,579	$0
Construction in Progress	9,416,004	0	9,416,004
Land Improvements	5,960,033	5,960,033	0
Buildings	8,810,708	8,810,708	0
Machinery and Equipment	7,090,065	6,402,563	687,502
Infrastructure	41,714,614	40,334,503	1,380,111
Less: Accumulated Depreciation	(37,782,387)	(36,242,038)	(1,540,349)
Totals	$45,014,616	$35,071,348	$9,943,268

	Business-Type Activities		
	2023	2022	Increase (Decrease)
Construction in Progress	63,565	640,389	(576,824)
Buildings	$619,633	$619,633	$0
Machinery and Eqiupment	2,080,159	2,020,355	59,804
Improvements	44,810,618	44,170,229	640,389
Less: Accumulated Depreciation	(30,998,824)	(29,916,596)	(1,082,228)
Totals	$16,575,151	$17,534,010	($958,859)

Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2023, the City had $9.2 million in bonds outstanding, $1.5 million due within one year. The following table summarizes the City's debt outstanding as of December 31, 2023 and 2022:

	2023	2022
Governmental Activities:		
General Obligation Bonds	$7,816,083	$9,176,176
Compensated Absences	1,167,872	1,198,562
Net Pension Liability	17,090,884	8,746,208
Net OPEB Liability	861,290	1,098,294
Total Governmental Activities	26,936,129	20,219,240
Business-Type Activities:		
General Obligation Bonds	1,380,614	1,533,785
OWDA Loan Payable	1,288,502	1,363,465
Compensated Absences	240,055	264,501
Net Pension Liability	2,404,925	788,541
Net OPEB Liability	53,147	0
Total Business-Type Activities	5,367,243	3,950,292
Totals	$32,303,372	$24,169,532

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Sylvania lies, is limited to fifteen mills. At December 31, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's economic base continues to be very stable since it is based on primarily commercial and retail with little manufacturing. Medical, education and financial interests provide a relatively predictable income source.

City Council has the ability to increase income tax revenues by eliminating or reducing the 100% credit for taxes paid by residents to other cities in which they work.

REQUESTS FOR INFORMATION

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 questions about this report or need additional financial information contact the Finance Department by calling 419-885-8934 or writing to City of Sylvania Finance Department, 6730 Monroe Street, Sylvania, Ohio 43560.

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Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	$ 29,630,123	$ 7,277,315	$ 36,907,438
Investments	115,844	0	115,844
Receivables:			
Taxes	4,402,025	0	4,402,025
Accounts	155,750	607,406	763,156
Intergovernmental	1,182,012	0	1,182,012
Interest	128,297	41,857	170,154
Special Assessments	1,102,153	0	1,102,153
Notes	202,500	0	202,500
Leases	0	402,971	402,971
Internal Balances	65,769	(65,769)	0
Inventory of Supplies at Cost	252,585	181,732	434,317
Prepaid Items	499,256	39,073	538,329
Investment in Joint Venture	1,074,000	0	1,074,000
Restricted Assets:			
Cash and Cash Equivalents	1,063	0	1,063
Capital Assets:			
Capital Assets Not Being Depreciated	19,221,583	63,565	19,285,148
Capital Assets Being Depreciated, Net	25,793,033	16,511,586	42,304,619
Total Assets	83,825,993	25,059,736	108,885,729
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding	152,921	24,055	176,976
Pension	6,072,649	964,152	7,036,801
OPEB	1,063,025	157,469	1,220,494
Total Deferred Outflows of Resources	7,288,595	1,145,676	8,434,271
Liabilities:			
Accounts Payable	1,732,857	685,567	2,418,424
Accrued Wages and Benefits	217,109	36,594	253,703
Claims Payable	309,900	0	309,900
Unearned Revenue	1,841,819	0	1,841,819
Accrued Interest Payable	15,148	2,515	17,663
Noncurrent liabilities:			
Due within one year	1,473,246	238,381	1,711,627
Due in More than One Year:			
Other Amounts Due in More than One Year	7,510,709	2,670,790	10,181,499
Net Pension Liability	17,090,884	2,404,925	19,495,809
Net OPEB Liability	861,290	53,147	914,437
Total Liabilities	31,052,962	6,091,919	37,144,881

(Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,498,913	0	2,498,913
Pension	1,112,898	82,539	1,195,437
OPEB	903,149	20,233	923,382
Leases	0	402,971	402,971
Total Deferred Inflows of Resources	4,514,960	505,743	5,020,703
Net Position:			
Net Investment in Capital Assets	37,336,306	13,930,090	51,266,396
Restricted For:			
Capital Projects	20,411	0	20,411
Other Purposes	5,987,884	0	5,987,884
Unrestricted	12,202,065	5,677,660	17,879,725
Total Net Position	$ 55,546,666	$ 19,607,750	$ 75,154,416

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 6,960,637	$ 325,922	$ 703,124	$ 0
Public Health and Welfare Services	146,855	29,714	0	0
Leisure Time Activities	992,220	0	0	0
Community Environment	869,197	24,773	250,133	0
Basic Utility Services	1,528,943	789,090	312,473	0
Transportation	1,761,421	14,561	1,484,877	5,215,846
General Government	6,119,569	1,221,629	9,663	274,192
Interest and Fiscal Charges	179,040	0	0	0
Total Governmental Activities	18,557,882	2,405,689	2,760,270	5,490,038
Business-Type Activities:				
Water	5,375,496	4,743,147	0	0
Sewer	4,070,394	3,786,277	0	0
Resource Recovery	177,571	98,462	0	0
Total Business-Type Activities	9,623,461	8,627,886	0	0
Totals	$ 28,181,343	$ 11,033,575	$ 2,760,270	$ 5,490,038

General Revenues

Property Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (5,931,591)	$ 0	$ (5,931,591)
(117,141)	0	(117,141)
(992,220)	0	(992,220)
(594,291)	0	(594,291)
(427,380)	0	(427,380)
4,953,863	0	4,953,863
(4,614,085)	0	(4,614,085)
(179,040)	0	(179,040)
(7,901,885)	0	(7,901,885)
0	(632,349)	(632,349)
0	(284,117)	(284,117)
0	(79,109)	(79,109)
0	(995,575)	(995,575)
(7,901,885)	(995,575)	(8,897,460)
2,324,699	0	2,324,699
13,296,007	0	13,296,007
927,857	0	927,857
1,098,829	309,420	1,408,249
549,349	0	549,349
(120,000)	120,000	0
18,076,741	429,420	18,506,161
10,174,856	(566,155)	9,608,701
45,371,810	20,173,905	65,545,715
$ 55,546,666	$ 19,607,750	$ 75,154,416

Balance Sheet
Governmental Funds
December 31, 2023

	General	American Rescue Plan	City Services	G.O. Debt Service
Assets:				
Equity in Pooled Cash and Investments	$ 5,374,142	$ 1,882,379	$ 1,333,069	$ 909,228
Investments	0	0	0	0
Receivables:				
Taxes	2,960,270	0	0	749,641
Accounts	154,786	0	0	0
Intergovernmental	388,607	0	0	38,555
Interest	30,579	0	0	0
Special Assessments	0	0	944,061	0
Notes	202,500	0	0	0
Inventory of Supplies, at Cost	179,649	0	0	0
Prepaid Items	492,051	0	750	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Total Assets	$ 9,782,584	$ 1,882,379	$ 2,277,880	$ 1,697,424
Liabilities:				
Accounts Payable	$ 94,950	$ 0	$ 872	$ 0
Accrued Wages and Benefits Payable	191,590	0	5,277	0
Unearned Revenue	0	1,841,819	0	0
Compensated Absences Payable	38,110	0	0	0
Total Liabilities	324,650	1,841,819	6,149	0
Deferred Inflows of Resources:				
Unavailable Amounts	1,118,260	0	944,061	46,751
Property Tax for Next Fiscal Year	1,225,742	0	0	741,445
Total Deferred Inflows of Resources	2,344,002	0	944,061	788,196
Fund Balances:				
Nonspendable	874,200	0	750	0
Restricted	0	0	1,326,920	0
Committed	0	0	0	0
Assigned	12,497	40,560	0	909,228
Unassigned	6,227,235	0	0	0
Total Fund Balances	7,113,932	40,560	1,327,670	909,228
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,782,584	$ 1,882,379	$ 2,277,880	$ 1,697,424

See accompanying notes to the basic financial statements

Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 16,732,351	$ 3,228,803	$ 29,459,972
0	115,844	115,844
149,211	542,903	4,402,025
0	0	154,786
0	754,850	1,182,012
96,623	1,095	128,297
158,092	0	1,102,153
0	0	202,500
0	72,936	252,585
0	6,455	499,256
0	1,063	1,063
$ 17,136,277	$ 4,723,949	$ 37,500,493
$ 1,538,180	$ 98,855	$ 1,732,857
0	20,242	217,109
0	0	1,841,819
0	0	38,110
1,538,180	119,097	3,829,895
315,523	523,835	2,948,430
0	531,726	2,498,913
315,523	1,055,561	5,447,343
0	80,454	955,404
0	3,348,770	4,675,690
15,282,574	117,089	15,399,663
0	2,978	965,263
0	0	6,227,235
15,282,574	3,549,291	28,223,255
$ 17,136,277	$ 4,723,949	$ 37,500,493

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2023

Total Governmental Fund Balances		$ 28,223,255
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		45,014,616
The government's explicit, measurable equity interest in a joint venture is not a financial asset to the government, therfore it is not reported in the governmental funds. However, the government is required to report the equity interest as an asset in connection with governmental activities in the government-wide statement of net position.		1,074,000
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Municipal Income Taxes	848,637	
Property Taxes	38,000	
Interest	117,876	
Special Assessments	1,102,153	
Intergovernmental	841,764	2,948,430
The net pension/OPEB liability is 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	6,072,649	
Deferred Inflows - Pension	(1,112,898)	
Deferred Outflows - OPEB	1,063,025	
Deferred Inflows - OPEB	(903,149)	
Net Pension Liability	(17,090,884)	
Net OPEB Liability	(861,290)	(12,832,547)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(15,148)

(Continued)

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets, liabilities and deferred inflows/outflows of the internal service funds are included in governmental activities in the statement of net position.		(73,016)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(7,698,750)	
Deferred Loss on Debt Refunding	152,921	
Premium on General Obligation Bonds Payable	(117,333)	
Compensated Absences Payable	(1,129,762)	(8,792,924)
Net Position of Governmental Activities		$ 55,546,666

See accompanying notes to the basic financial statements

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

	General	American Rescue Plan	City Services	G.O. Debt Service
Revenues:				
Property Taxes	$ 1,140,638	$ 0	$ 0	$ 684,383
Municipal Income Taxes	12,298,724	0	0	0
Intergovernmental Revenues	1,154,871	188,938	0	91,188
Charges for Services	837,950	0	0	0
Licenses, Permits and Fees	303,373	0	0	0
Investment Earnings	335,490	28,877	0	0
Special Assessments	0	0	943,853	0
Fines and Forfeitures	1,070,584	0	0	0
All Other Revenue	252,891	0	0	0
Total Revenue	17,394,521	217,815	943,853	775,571
Expenditures:				
Current:				
Security of Persons and Property	4,888,969	0	332,133	0
Public Health and Welfare Services	130,349	0	0	0
Leisure Time Activities	852,899	0	0	0
Community Environment	546,491	0	223,695	0
Basic Utility Services	1,056,693	0	302,989	0
Transportation	231,288	0	0	0
General Government	5,204,962	188,938	0	9,328
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	1,284,250
Interest & Fiscal Charges	0	0	0	179,196
Total Expenditures	12,911,651	188,938	858,817	1,472,774
Excess (Deficiency) of Revenues Over Expenditures	4,482,870	28,877	85,036	(697,203)
Other Financing Sources (Uses):				
Transfers In	0	0	0	900,000
Transfers Out	(4,521,890)	0	0	0
Total Other Financing Sources (Uses)	(4,521,890)	0	0	900,000
Net Change in Fund Balances	(39,020)	28,877	85,036	202,797
Fund Balances at Beginning of Year	7,132,055	11,683	1,242,634	706,431
Increase (Decrease) in Inventory Reserve	20,897	0	0	0
Fund Balances End of Year	$ 7,113,932	$ 40,560	$ 1,327,670	$ 909,228

See accompanying notes to the basic financial statements

Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 0	$ 501,881	$ 2,326,902
1,069,454	0	13,368,178
5,215,846	1,536,348	8,187,191
0	0	837,950
0	0	303,373
635,773	18,300	1,018,440
13,272	0	957,125
0	163,436	1,234,020
273,699	52,613	579,203
7,208,044	2,272,578	28,812,382
0	469,522	5,690,624
0	0	130,349
0	0	852,899
0	0	770,186
0	0	1,359,682
0	1,553,269	1,784,557
0	47,545	5,450,773
11,795,163	99,653	11,894,816
0	50,000	1,334,250
0	0	179,196
11,795,163	2,219,989	29,447,332
(4,587,119)	52,589	(634,950)
3,300,000	201,890	4,401,890
0	0	(4,521,890)
3,300,000	201,890	(120,000)
(1,287,119)	254,479	(754,950)
16,569,693	3,298,824	28,961,320
0	(4,012)	16,885
$ 15,282,574	$ 3,549,291	$ 28,223,255

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		$ (754,950)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	11,623,163	
Depreciation	(1,564,387)	10,058,776
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		(115,508)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal Income Taxes	(72,171)	
Property Taxes	(2,203)	
Interest	80,389	
Special Assessments	(15,407)	
Intergovernmental	49,748	40,356
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,149,811	
OPEB	15,192	1,165,003
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(1,910,731)	
OPEB	317,126	(1,593,605)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Principal	1,334,250	
Amortization of Deferred Loss on Debt Refunding	(27,911)	1,306,339

(Continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.		
Amortization of Premium	25,843	
Accrued Interest Payable	2,224	28,067
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Supplies Inventory	16,885	
Decrease in Compensated Absences Payable	31,398	48,283
The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(7,905)
Change in Net Position of Governmental Activities		$ 10,174,856

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,300,000	$ 1,300,000	$ 1,140,638	$ (159,362)
Municipal Income Taxes	13,700,000	13,700,000	12,378,236	(1,321,764)
Intergovernmental Revenue	1,170,000	1,170,000	1,167,995	(2,005)
Charges for Services	740,000	740,000	819,939	79,939
Licenses, Permits and Fees	360,000	360,000	319,473	(40,527)
Investment Earnings	130,000	130,000	190,494	60,494
Fines and Forfeitures	1,208,000	1,208,000	1,050,162	(157,838)
All Other Revenues	245,000	245,000	320,168	75,168
Total Revenues	18,853,000	18,853,000	17,387,105	(1,465,895)
Expenditures:				
Current:				
Security of Persons and Property	5,371,000	5,399,000	5,342,662	56,338
Public Health and Welfare Services	135,000	136,000	130,347	5,653
Leisure Time Activities	1,070,000	911,000	849,222	61,778
Community Environment	491,000	555,000	546,496	8,504
Basic Utility Services	1,052,000	1,087,000	1,056,337	30,663
Transportation	177,000	242,000	228,011	13,989
General Government	5,533,180	5,497,701	5,207,148	290,553
Total Expenditures	13,829,180	13,827,701	13,360,223	467,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,023,820	5,025,299	4,026,882	(998,417)
Other Financing Sources (Uses):				
Transfers In	10,000	10,000	0	(10,000)
Transfers Out	(4,526,000)	(4,527,000)	(4,521,890)	5,110
Total Other Financing Sources (Uses):	(4,516,000)	(4,517,000)	(4,521,890)	(4,890)
Net Change In Fund Balance	507,820	508,299	(495,008)	(1,003,307)
Fund Balance at Beginning of Year	5,937,244	5,937,244	5,937,244	0
Fund Balance at End of Year	$ 6,445,064	$ 6,445,543	$ 5,442,236	$ (1,003,307)

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	0	0	28,877	28,877
Total Revenues	0	0	28,877	28,877
Expenditures:				
Current:				
General Government	200,000	632,458	630,557	1,901
Total Expenditures	200,000	632,458	630,557	1,901
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	(632,458)	(601,680)	30,778
Fund Balance at Beginning of Year	2,019,112	2,019,112	2,019,112	0
Prior Year Encumbrances	27,458	27,458	27,458	0
Fund Balance at End of Year	$ 1,846,570	$ 1,414,112	$ 1,444,890	$ 30,778

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	$ 990,000	$ 990,000	$ 943,853	$ (46,147)
Total Revenues	990,000	990,000	943,853	(46,147)
Expenditures:				
Current:				
Security of Persons and Property	831,000	838,865	706,200	132,665
Community Environment	260,000	260,000	221,649	38,351
Basic Utility Services	330,000	332,784	304,170	28,614
Total Expenditures	1,421,000	1,431,649	1,232,019	199,630
Excess (Deficiency) of Revenues Over (Under) Expenditures	(431,000)	(441,649)	(288,166)	153,483
Fund Balance at Beginning of Year	1,268,586	1,268,586	1,268,586	0
Prior Year Encumbrances	10,649	10,649	10,649	0
Fund Balance at End of Year	$ 848,235	$ 837,586	$ 991,069	$ 153,483

See accompanying notes to the basic financial statements

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Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
ASSETS			
Current assets:			
Equity in Pooled Cash and Investments	$ 5,670,824	$ 1,577,590	$ 28,901
Accounts Receivable	361,108	246,298	0
Interest Receivable	32,747	9,110	0
Leases Receivable - Current	102,553	0	0
Inventory of Supplies at Cost	121,242	60,490	0
Prepaid Items	19,674	18,734	665
Total current assets	6,308,148	1,912,222	29,566
Noncurrent assets:			
Leases Receivable	300,418	0	0
Capital assets:			
Property, Plant and Equipment	18,173,730	29,236,012	164,233
Less Accumulated Depreciation	(10,299,620)	(20,534,971)	(164,233)
Total Capital Assets (Net of Accumulated Depr)	7,874,110	8,701,041	0
Total noncurrent assets	8,174,528	8,701,041	0
Total assets	14,482,676	10,613,263	29,566
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding	24,055	0	0
Pension	507,436	388,543	68,173
OPEB	82,877	63,459	11,133
Total Deferred Outflows of Resources	614,368	452,002	79,306
LIABILITIES			
Current liabilities:			
Accounts Payable	329,698	354,649	1,220
Accrued Wages and Benefits	19,979	16,218	397
Claims Payable	0	0	0
Accrued Interest Payable	2,515	0	0
General Obligation Bonds Payable - Current	155,250	0	0
Compensated Absences Payable - Current	13,844	9,060	0
OWDA Loans Payable - Current	0	60,227	0
Total Current Liabilities	521,286	440,154	1,617

Total	Governmental Activities Internal Service Fund
$ 7,277,315	$ 170,151
607,406	964
41,857	0
102,553	0
181,732	0
39,073	0
8,249,936	171,115
300,418	0
47,573,975	0
(30,998,824)	0
16,575,151	0
16,875,569	0
25,125,505	171,115
24,055	0
964,152	0
157,469	0
1,145,676	0
685,567	0
36,594	0
0	309,900
2,515	0
155,250	0
22,904	0
60,227	0
963,057	309,900

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
Noncurrent Liabilities:			
General Obligation Bonds Payable	1,225,364	0	0
OWDA Loans Payable	0	1,228,275	0
Net Pension Liability	1,265,716	969,161	170,048
Net OPEB Liability	27,972	21,418	3,757
Compensated Absences Payable	150,118	67,033	0
Total noncurrent liabilities	2,669,170	2,285,887	173,805
Total Liabilities	3,190,456	2,726,041	175,422
Deferred Inflows of Resources:			
Pension	43,065	33,479	5,995
OPEB	10,594	8,187	1,452
Leases	402,971	0	0
Total Deferred Inflows of Resources	456,630	41,666	7,447
NET POSITION			
Net Investment in Capital Assets	6,517,551	7,412,539	0
Unrestricted	4,932,407	885,019	(73,997)
Total Net Position	$ 11,449,958	$ 8,297,558	$ (73,997)

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

	Governmental Activities
Total	Internal Service Funds
1,225,364	0
1,228,275	0
2,404,925	0
53,147	0
217,151	0
5,128,862	0
6,091,919	309,900
82,539	0
20,233	0
402,971	0
505,743	0
13,930,090	0
5,743,429	(138,785)
19,673,519	$ (138,785)
(65,769)	
$ 19,607,750	

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

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Resource Recovery
Operating Revenues:			
Charges for Services	$ 4,669,636	$ 3,765,706	$ 98,462
Other Operating Revenues	73,511	20,571	0
Total Operating Revenues	4,743,147	3,786,277	98,462
Operating Expenses:			
Personal Services	1,020,295	786,258	104,317
Materials and Supplies	145,317	150,057	34,555
Contractual Services	3,542,587	2,470,763	37,406
Depreciation	510,941	587,587	0
Total Operating Expenses	5,219,140	3,994,665	176,278
Operating Loss	(475,993)	(208,388)	(77,816)
Non-Operating Revenue (Expenses):			
Interest Income	299,228	10,192	0
Interest and Fiscal Charges	(62,803)	(28,147)	0
Loss on Disposal of Capital Assets	(66,452)	(21,434)	0
Other Nonoperating Revenue	0	0	0
Total Non-Operating Revenues (Expenses)	169,973	(39,389)	0
Loss Before Transfers	(306,020)	(247,777)	(77,816)
Transfers:			
Transfers In	0	0	120,000
Total Transfers	0	0	120,000
Change in Net Position	(306,020)	(247,777)	42,184
Net Position Beginning of Year	11,755,978	8,545,335	(116,181)
Net Position End of Year	$ 11,449,958	$ 8,297,558	$ (73,997)

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

Total	Governmental Activities Internal Service Fund
$ 8,533,804	$ 2,222,473
94,082	0
8,627,886	2,222,473
1,910,870	2,076,294
329,929	0
6,050,756	346,457
1,098,528	0
9,390,083	2,422,751
(762,197)	(200,278)
309,420	0
(90,950)	0
(87,886)	0
0	137,831
130,584	137,831
(631,613)	(62,447)
120,000	0
120,000	0
(511,613)	(62,447)
20,185,132	(76,338)
19,673,519	$ (138,785)
(511,613)	
(54,542)	
$ (566,155)	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Resource Recovery
Cash Flows from Operating Activities:			
Cash Received from Customers	$4,720,319	$3,761,487	$98,462
Cash Payments for Goods and Services	(3,645,993)	(2,312,125)	(75,534)
Cash Payments to Employees	(1,030,398)	(845,025)	(123,470)
Cash Payments for Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	43,928	604,337	(100,542)
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	0	0	120,000
Miscellaneous Nonoperating Revenue	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	0	120,000
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(130,565)	(96,990)	0
Principal Paid on General Obligation Bonds	(150,750)	0	0
Principal Paid on OWDA Loans	0	(74,963)	0
Interest Paid on All Debt	(62,469)	(28,147)	0
Net Cash Used for Capital and Related Financing Activities	(343,784)	(200,100)	0
Cash Flows from Investing Activities:			
Change in Market Value of Investments	198,838	(17,888)	0
Receipts of Interest	85,066	22,428	0
Net Cash Used by Investing Activities	283,904	4,540	0
Net Increase (Decrease) in Cash and Cash Equivalents	(15,952)	408,777	19,458
Cash and Cash Equivalents at Beginning of Year	5,686,776	1,168,823	9,443
Cash and Cash Equivalents at End of Year	$5,670,824	$1,577,600	$28,901

	Governmental Activities Internal Service Fund
Totals	
$8,580,268	$2,222,473
(6,033,652)	(346,457)
(1,998,893)	0
0	(2,048,794)
547,723	(172,778)
120,000	0
0	143,910
120,000	143,910
(227,555)	0
(150,750)	0
(74,963)	0
(90,616)	0
(543,884)	0
180,950	0
107,494	0
288,444	0
412,283	(28,868)
6,865,042	199,019
$7,277,325	$170,151

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Resource Recovery
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Operating Loss	($475,993)	($208,388)	($77,816)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	510,941	587,587	0
Changes in Assets, Liabilities and Deferred Inflows/Outflows:			
Increase in Accounts Receivable	(22,828)	(24,790)	0
Decrease (Increase) in Inventory	(35,303)	1,787	0
Increase in Prepaid Items	(1,649)	(2,467)	(22)
Increase in Deferred Outflows of Resources	(424,130)	(315,786)	(53,419)
Decrease Net OPEB Asset	147,569	121,013	23,058
Increase (Decrease) in Accounts Payable	78,863	309,375	(3,551)
Decrease in Accrued Wages and Benefits	(1,276)	(1,831)	(2,679)
Increase in Claims Payable	0	0	0
Increase in Net Pension Liability	866,713	641,962	107,709
Increase in Net OPEB Liability	27,972	21,418	3,757
Decrease in Deferred Inflows of Resources	(618,506)	(509,542)	(97,579)
Decrease in Compensated Absences	(8,445)	(16,001)	0
Total Adjustments	519,921	812,725	(22,726)
Net Cash Provided (Used) by Operating Activities	$43,928	$604,337	($100,542)

Schedule of Noncash Investing, Capital and Financing Activities:

During 2023 the fair value of investments decreased by $170,950 and $47,557 in the Water and Sewer Funds respectively.

See accompanying notes to the basic financial statements

Totals	Governmental Activities Internal Service Fund
($762,197)	($200,278)
1,098,528	0
(47,618)	0
(33,516)	0
(4,138)	0
(793,335)	0
291,640	0
384,687	0
(5,786)	0
0	27,500
1,616,384	0
53,147	0
(1,225,627)	0
(24,446)	0
1,309,920	27,500
$547,723	($172,778)

Statement of Net Position
Fiduciary Fund
December 31, 2023

	Custodial Fund
Assets:	
Cash and Cash Equivalents	$ 130,031
Total Assets	130,031
Liabilities:	
Intergovernmental Payable	130,031
Total Liabilities	$ 130,031

See accompanying notes to the basic financial statements

Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2023

	Custodial Fund
Additions:	
Fines, Licenses and Permits for Distribution	$ 2,557,866
Income Taxes	46,938
Total Contributions	2,604,804
Deductions:	
Distributions to Other Governments	2,604,804
Total Deductions	2,604,804
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	$ 0

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sylvania, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter which provides for a Council/Mayor form of government, was adopted in 1961 and has been amended 3 times (1968, 1984, 1985).

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2023 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, there are no potential component units that meet the criteria imposed by GASB Statement No. 14 to be included in the City's reporting entity. The reporting entity of the City includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety, highways and streets, sanitation, cemetery, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services. In addition, the City owns the water distribution and wastewater collection systems and a resource recovery operation, which are reported as enterprise funds. Water treatment services are provided by the City of Toledo. Wastewater treatment services are provided by Lucas County.

1. Joint Venture with Equity Interest

Community Center:
The City is a participant with the Township of Sylvania in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township have agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement is for the City to bear (40) percent of the construction costs and the Township to bear (60) percent of the construction costs, resulting in a 40/60 split in equity interest between the two. The community center is managed by Sylvania Community Services Center, Inc. (SCS), an Ohio nonprofit corporation. See Note 17 "Joint Venture."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

2. Jointly Governed Organization

Sylvania Area Joint Recreation District:
The City in conjunction with the Sylvania Township Trustees and the Sylvania City School District formed the Sylvania Area Joint Recreation District (the "SAJRD") under the authority of Ohio Revised Code Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. Funding for the SAJRD is provided by a voter approved tax levy on all real property located within Sylvania Township. Taxes are collected by the County Auditor and remitted to the SAJRD Board of Trustees. The SAJRD is fiscally independent of the City and the SAJRD's financial statements have not been included within the City's reporting entity.

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

General Fund - This 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, and the limitations of the City Charter.

American Rescue Plan Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act.

City Services Fund - This fund is used to account for the revenues received from special assessments for tree repair and replacement, ditch maintenance and street lighting.

G.O. Debt Service Fund – This fund is used to account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Capital Improvement Fund - This fund is used to account for financial resources, primarily income taxes, to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Resource Recovery Fund – This fund is used to account for the operation of the City's resource recovery.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Self Insurance Fund, which is used to account for monies received from City departments to cover the cost of health care for employees of the City's departments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary fund is a custodial fund. This fund is used to account for the collection and distribution of municipal court fines and forfeitures.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid "doubling up" revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

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

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2023, but which are not intended to finance 2023 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources (Continued)

The City also reports deferred inflows of resources for the collection of lease revenues. This represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. This deferred inflows of resources are reported on the proprietary funds statement of net position, and the government-wide statement of net position.

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the previous year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the county budget commission. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council. The Finance Director is authorized to transfer appropriations between objects of expenditure budgeted within the same function, so long as total appropriations for each function do not exceed the amount approved by Council. During the year, several supplemental appropriations were necessary to budget for capital improvements, vehicle purchases, community service programs, and various incidental expenditures. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund," the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—Special Revenue Fund-City Services Fund," and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—Special Revenue Fund-American Rescue Plan Fund," are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

3. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are included in the restricted, committed or assigned fund balance classifications for governmental funds in the accompanying basic financial statements.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the major special revenue funds:

Net Change In Fund Balance

	General Fund	American Rescue Plan Fund	City Services Fund
GAAP Basis (as reported)	($39,020)	$28,877	$85,036
Increase (Decrease):			
Accrued Revenues at December 31, 2023 received during 2024	(1,234,404)	0	0
Accrued Revenues at December 31, 2022 received during 2023	1,247,410	0	0
Accrued Expenditures at December 31, 2023 paid during 2024	324,650	1,841,819	6,149
Accrued Expenditures at December 31, 2022 paid during 2023	(312,745)	(2,034,887)	(37,337)
2022 Prepaids for 2023	44,269	0	736
2023 Prepaids for 2024	(492,051)	0	(750)
2022 Accrued Revenues from Custodial Account	57,125	0	0
2023 Accrued Revenues from Custodial Account	(77,547)	0	0
Outstanding Encumbrances	(12,695)	(437,489)	(342,000)
Budget Basis	($495,008)	($601,680)	($288,166)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and investments with original maturities of less than three months. The STAR Ohio is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB Statement No. 72, *"Fair Value Measurement and Application"*, the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. During fiscal year 2023, investments were limited to Toledo Community Foundation, Inc. Mutual Funds, STAR Ohio, Certificates of Deposit, FNMA, FHLMC, FHLB, FFCB, U.S. Treasury Bills and U.S. Treasury Notes. See Note 4, "Cash, Cash Equivalents and Investments."

During 2023, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is requested 24 hours in advance of all deposits and withdrawals exceeding $250 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at cost in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000, except for computer software which is capitalized if the purchase price, including license fees and installation, exceed $50,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", has been reported.

Contributed capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land and CIP. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	30
Improvements other than Buildings	20
Infrastructure	10-100
Machinery and Equipment	5 - 20

L. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Debt Service Fund Court Capital Improvement Water Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer Fund
OWDA Loan	Sewer Fund
Net Pension/OPEB Liability	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer Fund Resource Recovery Fund

M. Leases Receivable

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Deferred inflows of resources related to lease receivables are recorded initially as equal to the amount of the initial measurement of the lease receivable and subsequently recognized as revenue in a systematic and rational manner over the term of the lease.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. Vacation earned in a calendar year must be used during the following year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the Mayor. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

O. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the Council's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

R. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

S. 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.

T. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. 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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

V. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficits at December 31, 2023 of $73,997 in the Resource Recovery Fund (enterprise fund), and $138,785 in the Self-Insurance Fund arose from the recognition of expenses on the full accrual basis which are greater than expenses recognized on the budgetary/cash basis. A deficit does not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

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NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	American Rescue Plan Fund	City Services Fund	General Obligation Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Principal	$0	$0	$0	$0	$0	$1,063	$1,063
Long-Term Note Receivable	202,500	0	0	0	0	0	202,500
Prepaid Items	492,051	0	750	0	0	6,455	499,256
Supplies Inventory	179,649	0	0	0	0	72,936	252,585
Total Nonspendable	874,200	0	750	0	0	80,454	955,404
Restricted:							
City Services	0	0	1,326,920	0	0	0	1,326,920
Street Construction and Maintenance	0	0	0	0	0	291,860	291,860
City Permissive Tax	0	0	0	0	0	964,557	964,557
State Highway Improvement	0	0	0	0	0	503,389	503,389
Law Enforcement	0	0	0	0	0	231,003	231,003
Indigent Driver	0	0	0	0	0	169,263	169,263
Federal Equitable Sharing	0	0	0	0	0	728,524	728,524
Indigent Support	0	0	0	0	0	55,962	55,962
Court Capital Improvement	0	0	0	0	0	20,411	20,411
Police Pension	0	0	0	0	0	383,801	383,801
Total Restricted	0	0	1,326,920	0	0	3,348,770	4,675,690
Committed:							
Capital Improvements	0	0	0	0	15,282,574	0	15,282,574
War Memorial	0	0	0	0	0	150	150
Parks/Recreation	0	0	0	0	0	116,939	116,939
Total Committed	0	0	0	0	15,282,574	117,089	15,399,663
Assigned:							
Encumbrances for Purchase Orders	12,497	0	0	0	0	0	12,497
Police Community Affairs	0	0	0	0	0	2,978	2,978
American Rescue Plan Interest	0	40,560	0	0	0	0	40,560
Debt Service	0	0	0	909,228	0	0	909,228
Total Assigned	12,497	40,560	0	909,228	0	2,978	965,263
Unassigned	6,227,235	0	0	0	0	0	6,227,235
Total Fund Balances	$7,113,932	$40,560	$1,327,670	$909,228	$15,282,574	$3,549,291	$28,223,255

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- 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;

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

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be 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 requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was $7,128,814 and the bank balance was $7,543,233. Federal depository insurance covered $750,000 of the bank balance and $6,793,233 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2023 are summarized below:

	Measurement	Fair Value	Investment Maturities (in Years)			Greater
	Value	Hierarchy	less than 1	1-3	3-5	Than 5
Toledo Community Foundation, Inc.						
(mutual fund)	$115,844	N/A	$115,844	$0	$0	$0
STAR Ohio	88,257	N/A	88,257	0	0	0
U.S. Treasury Bills	458,442	Level 1	458,442	0	0	0
U.S. Treasury Notes	3,603,800	Level 1	2,438,755	1,165,045	0	0
Negotiable CD's	9,754,115	Level 2	3,657,427	5,854,589	242,099	0
FNMA	759,107	Level 2	283,775	475,332	0	0
FHLMC	2,316,101	Level 2	272,474	2,043,627	0	0
FHLB	10,689,552	Level 2	4,334,989	6,354,563	0	0
FFCB	2,240,344	Level 2	843,652	1,147,099	249,593	0
Total Investments	$30,025,562		$12,493,615	$17,040,255	$491,692	$0

Interest Rate Risk – The City's policy states that all investments must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the City and is specifically approved by the Treasury Investment Board. Notwithstanding this limitation, in no case will the City funds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. <u>Investments</u> (Continued)

Credit Risk – The City's investments in FNMA, FHLMC, FHLB and FFCB securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard and Poor's has assigned STAR Ohio an AAA money market rating.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in Negotiable CD's, FNMA, FHLMC, FHLB, FFCB, Freddie Mac, U.S. Treasury Bills and U.S. Treasury Notes securities in the amounts of $9,754,115, $759,107, $2,316,101, $10,689,552, $2,240,344, $458,442 and $3,603,800, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name. The City has no investment policy dealing with investments' custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk – Of the City's investments, 36% are Negotiable CD's, 3% are FNMA, 9% are FHLMC, 39% are FHLB, 8% are FFCB, and 15% are U.S. Treasury Securities. The City's policy states the portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or specific type of security. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security type is as follows:

• U.S. Treasury	100% Maximum
• Federal Agency	100% Maximum
• Repurchase Agreements	20% Maximum
• Commercial Paper and Bankers Acceptances Combined	25% Maximum
• Certificates of Deposits	50% Maximum
• Municipal Obligations	10% Maximum
• STAR Ohio	50% Maximum

The City's portfolio will be further diversified to limit the exposure to any one issuer. No more than 5% of the City's total portfolio will be invested in the securities of any single issuer with the following exceptions:

• U.S. Government Obligations	100% Maximum
• Federal Agency Obligations	100% Maximum
• STAR Ohio	100% Maximum

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2018 and the equalization adjustment was completed in 2021 Real property taxes are payable annually or semi-annually. The first payment is due in January; the remainder is payable by July.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Sylvania. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2023 was $5.10 per $1,000 of assessed value. The assessed value upon which the 2023 receipts were based was $525,755,940. This amount constitutes $517,105,580 in real property assessed value and $8,650,360 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .510% (5.10 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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

NOTE 6 – TAX ABATEMENT DISCLOSURES

As of December 31, 2023, the City of Sylvania provides tax incentives under a Community Reinvestment Area (CRA).

Income Tax Abatements

The City of Sylvania created the Economic Development Grant for the purpose of maintaining Sylvania's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to the company based upon the company's gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company's payroll taxes. The City currently has one income tax abatements in place.

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area in 1994. The City of Sylvania authorizes incentives through the passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the CRA gives the City the ability to maintain and expand businesses located in the City and create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate for office and industrial uses. The City currently has one real estate abatement in place.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2023.

Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2023 In Actual Dollars)
Venture Visionary Partners (2018 - 2022)	
- Gross Dollar amount of income taxes abated during 2023	$37,775
First Insurance Group (2018 - 2022)	
- Gross Dollar amount of income taxes abated during 2023	8,770
Total	$46,545

NOTE 7 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, notes, leases, intergovernmental receivables, special assessments, accounts receivable and interest.

The City allows the use of 7.7 acres of land to the Sylvania Area Joint Recreation District (SAJRD) under an arrangement whereby upon the payment of all amounts due under this agreement, the land is deeded to the SAJRD free and clear. Thus, this has been reported as a note receivable to the City of Sylvania. The original cost of the land was $225,000.

NOTE 8 - TRANSFERS

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

	Transfers In:				
Transfers Out:	G.O. Debt Service Fund	Capital Improvement Fund	Other Governmental Funds	Resource Recovery Fund	Total
General Fund	$900,000	$3,300,000	$201,890	$120,000	$4,521,890

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfers from the General Fund to the Debt Service Fund are to retire bonds issued for building construction that house these operations.

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2023:

Historical Cost:

Class	December 31, 2022	Additions	Disposals	December 31, 2023
Capital assets not being depreciated:				
Land	$9,805,579	$0	$0	$9,805,579
Construction in Progress	0	9,416,004	0	9,416,004
Capital assets being depreciated:				
Land Improvements	5,960,033	0	0	5,960,033
Buildings	8,810,708	0	0	8,810,708
Machinery and Equipment	6,402,563	827,048	(139,546)	7,090,065
Infrastructure	40,334,503	1,380,111	0	41,714,614
Total Cost	$71,313,386	$11,623,163	($139,546)	$82,797,003

Accumulated Depreciation:

Class	December 31, 2022	Additions	Disposals	December 31, 2023
Land Improvements	($2,671,631)	($259,431)	$0	($2,931,062)
Buildings	(7,271,730)	(367,353)	0	(7,639,083)
Machinery and Equipment	(5,599,779)	(266,639)	24,038	(5,842,380)
Infrastructure	(20,698,898)	(670,964)	0	(21,369,862)
Total Depreciation	($36,242,038)	($1,564,387) *	$24,038	($37,782,387)
Net Value:	$35,071,348			$45,014,616

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$605,685
Public Health and Welfare Services	12,127
Leisure Time Activities	79,041
Community Environment	71,625
Basic Utility Services	126,303
Transportation	167,082
General Government	502,524
Total Depreciation Expense	$1,564,387

NOTE 9 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2023:

Historical Cost:

Class	December 31, 2022	Additions	Disposals	December 31, 2023
Capital assets not being depreciated:				
Construction in Progress	$640,389	$63,565	($640,389)	$63,565
Capital assets being depreciated:				
Buildings	619,633	0	0	619,633
Machinery and Equipment	2,020,355	163,990	(104,186)	2,080,159
Improvements	44,170,229	640,389	0	44,810,618
Total Cost	$47,450,606	$867,944	($744,575)	$47,573,975

Accumulated Depreciation:

Class	December 31, 2022	Additions	Disposals	December 31, 2023
Buildings	($581,942)	($2,145)	$0	($584,087)
Machinery and Equipment	(1,814,229)	(139,723)	16,300	(1,937,652)
Improvements	(27,520,425)	(956,660)	0	(28,477,085)
Total Depreciation	($29,916,596)	($1,098,528)	$16,300	($30,998,824)
Net Value:	$17,534,010			$16,575,151

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NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the 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 under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by 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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	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 $745,913 for 2023.

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NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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 OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was $577,284 for 2023.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’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
Proportionate Share of the Net Pension Liability	$10,346,104	$9,149,705	$19,495,809
Proportion of the Net Pension Liability-2023	0.035024%	0.096323%	
Proportion of the Net Pension Liability-2022	0.037639%	0.100201%	
Percentage Change	(0.002615%)	(0.003879%)	
Pension Expense	$1,138,696	$985,785	$2,124,481

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$2,948,986	$1,332,078	$4,281,064
Changes in assumptions	109,299	825,274	934,573
Differences between expected and actual experience	343,634	137,246	480,880
Change in proportionate share	0	17,087	17,087
City contributions subsequent to the measurement date	745,913	577,284	1,323,197
Total Deferred Outflows of Resources	$4,147,832	$2,888,969	$7,036,801
Deferred Inflows of Resources			
Changes in assumptions	$0	$178,421	$178,421
Differences between expected and actual experience	0	208,458	208,458
Change in proportionate share	352,327	456,231	808,558
Total Deferred Inflows of Resources	$352,327	$843,110	$1,195,437

$1,323,197 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:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$131,404	$58,628	$190,032
2025	688,907	350,435	1,039,342
2026	868,025	424,957	1,292,982
2027	1,361,256	691,014	2,052,270
2028	0	(56,459)	(56,459)
Total	$3,049,592	$1,468,575	$4,518,167

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2022
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 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 6.9 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 statutorily required rates. 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	$15,498,120	$10,346,104	$6,060,553

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

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

For the January 1, 2022 valuation, mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 OPF's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
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 %	

* levered 2.5x
Note: Assumptions are geometric

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$12,070,225	$9,149,705	$6,721,875

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NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via 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.

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NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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 requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 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. 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 was 4.0 percent for participants in the Member-Directed Plan, 0 percent for participants in the traditional plan and 2.0 percent for participants in the Combined Plan for 2023.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2023.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, the portion of 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 and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $15,192 for 2023.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$228,649	$685,788	$914,437
Proportion of the Net OPEB Liability - 2023	0.036264%	0.096323%	
Proportion of the Net OPEB Liability - 2022	0.038668%	0.100201%	
Percentage Change	(0.00240%)	(0.00388%)	
OPEB Expense	($452,726)	$4,462	($448,264)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$454,090	$58,817	$512,907
Changes in assumptions	223,350	341,760	565,110
Differences between expected and actual experience	0	40,923	40,923
Change in proportionate share	0	86,362	86,362
City contributions subsequent to the measurement date	0	15,192	15,192
Total Deferred Outflows of Resources	$677,440	$543,054	$1,220,494
Deferred Inflows of Resources			
Changes in assumptions	$18,374	$560,922	$579,296
Differences between expected and actual experience	57,034	135,224	192,258
Change in proportionate share	11,231	140,597	151,828
Total Deferred Inflows of Resources	$86,639	$836,743	$923,382

$15,192 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$63,746	($27,312)	$36,434
2025	166,071	(29,560)	136,511
2026	141,605	(37,783)	103,822
2027	219,379	(18,865)	200,514
2028	0	(57,884)	(57,884)
2029	0	(63,179)	(63,179)
2030	0	(71,428)	(71,428)
2031	0	(2,870)	(2,870)
Total	$590,801	($308,881)	$281,920

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.22 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	4.05 percent
Prior measurement date	1.84 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any 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 with 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 arithmetic rates of return were provided by OPERS 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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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	100.00 %	

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 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").

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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 long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	$778,225	$228,649	($224,837)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$214,320	$228,649	$244,782

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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.

	January 1, 2022	January 1, 2021
Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.27 percent	2.84 percent
Municipal bond rate:		
Current measurement period	3.65 percent	3.65 percent

For the January 1, 2022 valuation, mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

For the January 1, 2022 valuation, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
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 %	

* levered 2.5x
Note: Assumptions are geometric

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 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 7.50 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 3.65 percent at December 31, 2022, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 4.27 percent. 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 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, 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 net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	$844,484	$685,788	$551,808

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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

NOTE 12 – COMPENSATED ABSENCES

All City employees earn vacation at varying rates based upon length of service. Vacation time cannot be carried over from one year to the next without approval from the Mayor.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2023, the City's accumulated, unpaid compensated absences amounted to $1,407,927, of which $1,167,872 is recorded as a liability of the Governmental Activities and $240,055 is recorded as a liability of the Business-Type Activities.

NOTE 13 – LEASES

The City of Sylvania (Landlord) has entered into a lease agreement with T-Mobile Central LLC (Tenant). The lease was for space to place a cell tower on the water tower for T-Mobile to provide cell phone service to the surrounding area. As part of the lease agreement, T-Mobile has agreed to pay the City a monthly payment ranging from $3,745 to $4,552 through 2027. The lease can be renewed with both parties' agreement to do so.

The City of Sylvania (Landlord) has entered into a lease agreement with Sprint Spectrum Realty Company, L.P. (Tenant). The lease was for space to place a cell tower on the water tower for Sprint to provide cell phone service to the surrounding area. As part of the lease agreement, Sprint has agreed to pay the City a monthly payment ranging from $4,572 to $5,557 through 2027. The lease can be renewed with both parties' agreement to do so.

A summary of future lease payments to be received by the City, including lease revenue and interest payments as of December 31, 2023, follows:

	Enterprise Funds		
Years	Lease Revenue	Interest	Total
2024	$102,553	$2,236	$104,789
2025	107,681	2,347	110,028
2026	113,065	2,465	115,530
2027	79,672	1,199	80,871
Totals	$402,971	$8,247	$411,218

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

NOTE 14 - LONG-TERM DEBT

Long-term debt and other long-term obligations of the City at December 31, 2023 were as follows:

		Balance December 31, 2022	Additions	(Reductions)	Balance December 31, 2023	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2-2.125% Street Improvement	2012	$630,000	$0	($330,000)	$300,000	$300,000
Premium		14,841	0	(7,421)	7,420	0
2-4.00% Refunding Various Improvements	2017	2,900,000	0	(455,000)	2,445,000	465,000
Premium		66,016	0	(11,003)	55,013	0
2-3.00% Refunding Various Improvements	2017	3,655,000	0	(365,000)	3,290,000	375,000
Premium		35,689	0	(4,461)	31,228	0
3-4.00% Refunding Various Improvements	2017	1,848,000	0	(184,250)	1,663,750	189,750
Premium		26,630	0	(2,958)	23,672	0
Total General Obligation Bonds		9,176,176	0	(1,360,093)	7,816,083	1,329,750
Compensated Absences		1,198,562	1,167,872	(1,198,562)	1,167,872	143,496
Net Pension Liability		8,746,208	8,344,676	0	17,090,884	0
Net OPEB Liability		1,098,294	0	(237,004)	861,290	0
Total Governmental Activities Long-Term Debt		$20,219,240	$9,512,548	($2,795,659)	$26,936,129	$1,473,246
Business-Type Activities:						
General Obligation Bond:						
2-4.00% Refunding Water Tower Bond	2017	$1,512,000	$0	($150,750)	$1,361,250	$155,250
Premium		21,785	0	(2,421)	19,364	0
Total General Obligation Bonds		1,533,785	0	(153,171)	1,380,614	155,250
Direct Borrowing						
Ohio Water Development Authority Loans (OWDA):						
Large Sanitary Sewer Line Phase 1	2021	723,076	0	(47,558)	675,518	32,382
Large Sanitary Sewer Line Phase 2		640,389	0	(27,405)	612,984	27,845
Total OWDA Loans		1,363,465	0	(74,963)	1,288,502	60,227
Compensated Absences		264,501	240,055	(264,501)	240,055	22,904
Net Pension Liability		788,541	1,616,384	0	2,404,925	0
Net OPEB Liability		0	53,147	0	53,147	0
Total Business-Type Long-Term Debt		$3,950,292	$1,909,586	($492,635)	$5,367,243	$238,381

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

NOTE 14 - LONG-TERM DEBT (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2023, follows:

	General Obligation Bonds		OWDA Loan Payable		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2024	$1,485,000	$211,966	$60,227	$21,028	$1,545,227	$232,994
2025	1,210,000	181,891	61,227	20,028	1,271,227	201,919
2026	1,245,000	156,729	62,242	19,012	1,307,242	175,741
2027	1,275,000	130,841	63,275	17,979	1,338,275	148,820
2028	1,310,000	101,141	64,325	16,929	1,374,325	118,070
2029-2033	2,535,000	139,149	337,994	68,277	2,872,994	207,426
2034-2038	0	0	366,983	39,287	366,983	39,287
2039-2042	0	0	272,229	9,073	272,229	9,073
Totals	$9,060,000	$921,717	$1,288,502	$211,613	$10,348,502	$1,133,330

OWDA Loans Payable - The OWDA loans from direct borrowings represents the amount borrowed from the Ohio Water Development Authority for construction of water and sewer system improvements. In the event of default on the loan, (1) the amount of the default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

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; injuries to employees and natural disasters. The City has contracted with various private carriers for the provision of property damage, general liability, automotive damage, public officials liability, police liability, boiler and machinery damage/loss, umbrella liability, and crime and employee dishonesty. Deductible levels for the various policies have been selected so as not to expose the City to excessive "first dollars" loss in the case of a claim. Deductibles range between $250 and $1,000 per loss for property damage. In the professional liability areas, no deductible exceeds $10,000.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

NOTE 15 - RISK MANAGEMENT (Continued)

The City continues to carry commercial insurance for other risks of loss, including employee life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City maintains a self-funded health insurance program with claims processed by Paramount Care, Inc. A separate Self Insurance Fund (an internal service fund) was created in 2004 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of $170,000 per individual per year. Settled claims have not exceeded the commercial coverage limits in either of the past three fiscal years.

All funds of the City from which employee salaries are paid, participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were $2,243,437. The claims liability of $309,900 reported in the Self Insurance Fund at December 31, 2023 is based on the requirements of GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*," as amended by GASB Statement No. 30 "*Risk Management Omnibus*," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and if the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal 2022 and 2023 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2022	$243,600	$1,915,143	($1,876,343)	$282,400
2023	282,400	2,103,794	(2,076,294)	309,900

NOTE 16 - CONTINGENCIES

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

NOTE 17 - JOINT VENTURE

Community Center - The City is a participant with the Township of Sylvania in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement required the City to bear (40) percent of the construction costs and the Township to bear (60) percent of the construction costs, resulting in a 40/60 split in equity interest between the two. The community center is managed by Sylvania Community Services Center, Inc. (SCS), an Ohio nonprofit corporation. During 2002 the City issued $4,110,000 in General Obligation Bonds, $740,000 of which, were used to help in the construction of the community center. The City also donated $334,000 worth of land towards the construction of the community center. The issuance of the general obligation bonds along with the donated land total $1,074,000 worth of equity interest that the City has in the community center. In addition to the (40) percent equity interest that the City owns in the community center, the City also has an option to purchase on or after January 1, 2022, the Township's equity interest in the community center.

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

The implementation of these Statements had no effect on beginning net position/fund balance.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

On March 28, 2012, the City of Sylvania issued $4,395,000 of Ohio Health Care Revenue bonds on behalf of the Rosery Care Center, an Ohio nonprofit corporation. The bonds were issued pursuant to a Trust Indenture between the City, Rosery Care Center, and Huntington National Bank. For financial reporting purposes, the bonds are considered "conduit" debt, and are not an obligation of the City of Sylvania. As of December 31, 2023, the balance outstanding on the debt obligation is $2,840,000.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's Proportionate Share of the Net Pension Liability
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.041953%	0.041953%	0.041629%	0.040928%
City's proportionate share of the net pension liability	$4,945,711	$5,060,001	$7,210,585	$9,294,108
City's covered payroll	$5,792,592	$5,242,517	$5,235,567	$5,319,050
City's proportionate share of the net pension liability as a percentage of its covered payroll	85.38%	96.52%	137.72%	174.73%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.1151829%	0.1151829%	0.112505%	0.108727%
City's proportionate share of the net pension liability	$5,609,769	$5,966,955	$7,237,495	$6,886,674
City's covered payroll	$2,438,326	$2,536,605	$2,540,321	$2,597,379
City's proportionate share of the net pension liability as a percentage of its covered payroll	230.07%	235.23%	284.90%	265.14%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See accompanying notes to required supplementary information

2018	2019	2020	2021	2022	2023
0.042682%	0.040694%	0.039509%	0.039786%	0.037639%	0.035024%
$6,695,975	$11,145,258	$7,809,219	$5,891,440	$3,274,744	$10,346,104
$5,638,108	$6,179,100	$5,605,779	$5,603,621	$5,463,379	$5,430,914
118.76%	180.37%	139.31%	105.14%	59.94%	190.50%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%

2018	2019	2020	2021	2022	2023
0.116479%	0.108642%	0.103506%	0.102317%	0.100201%	0.096323%
$7,148,867	$8,868,058	$6,972,684	$6,975,022	$6,260,005	$9,149,705
$2,826,958	$2,729,621	$2,729,768	$2,483,423	$2,532,066	$2,594,859
252.88%	324.88%	255.43%	280.86%	247.23%	352.61%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

Schedule of City Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$629,102	$628,268	$638,286	$732,954
Contributions in relation to the contractually required contribution	629,102	628,268	638,286	732,954
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,242,517	$5,235,567	$5,319,050	$5,638,108
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$481,955	$482,661	$493,502	$537,122
Contributions in relation to the contractually required contribution	481,955	482,661	493,502	537,122
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$2,536,605	$2,540,321	$2,597,379	$2,826,958
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to required supplementary information

2018	2019	2020	2021	2022	2023
$865,074	$784,809	$784,507	$764,873	$760,328	$745,913
865,074	784,809	784,507	764,873	760,328	745,913
$0	$0	$0	$0	$0	$0
$6,179,100	$5,605,779	$5,603,621	$5,463,379	$5,430,914	$5,327,950
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2018	2019	2020	2021	2022	2023
$518,628	$518,656	$528,969	$539,330	$552,705	$577,284
518,628	518,656	528,969	539,330	552,705	577,284
$0	$0	$0	$0	$0	$0
$2,729,621	$2,729,768	$2,483,423	$2,532,066	$2,594,859	$2,710,254
19.00%	19.00%	21.30%	21.30%	21.30%	21.30%

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability/(Asset)
Last Seven Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.040789%	0.042426%	0.041126%
City's proportionate share of the net OPEB liability (asset)	$4,119,805	$4,607,190	$5,361,859
City's covered payroll	$5,319,050	$5,638,108	$6,179,100
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	77.45%	81.72%	86.77%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability	0.108727%	0.116479%	0.108642%
City's proportionate share of the net OPEB liability	$5,161,038	$6,599,560	$989,352
City's covered payroll	$2,597,379	$2,826,958	$2,729,621
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	198.70%	233.45%	36.25%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2016 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability/(Asset).

See accompanying notes to required supplementary information

2020	2021	2022	2023
0.040142%	0.040608%	0.038668%	0.036264%
$5,544,652	($723,464)	($1,211,144)	$228,649
$5,605,779	$5,603,621	$5,463,379	$5,430,914
98.91%	(12.91%)	(22.17%)	4.21%
47.80%	115.57%	128.23%	94.79%

2020	2021	2022	2023
0.103506%	0.102317%	0.100201%	0.096323%
$1,022,399	$1,084,062	$1,098,294	$685,788
$2,729,768	$2,483,423	$2,532,066	$2,594,859
37.45%	43.65%	43.38%	26.43%
47.08%	45.42%	46.86%	52.59%

Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$104,850	$104,711	$106,381	$56,381
Contributions in relation to the contractually required contribution	104,850	104,711	106,381	56,381
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$5,242,517	$5,235,567	$5,319,050	$5,638,108
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$12,683	$12,702	$12,987	$14,135
Contributions in relation to the contractually required contribution	12,683	12,702	12,987	14,135
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$2,536,605	$2,540,321	$2,597,379	$2,826,958
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.47%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to required supplementary information

2018	2019	2020	2021	2022	2023
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$6,179,100	$5,605,779	$5,603,621	$5,463,379	$5,430,914	$5,327,950
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2018	2019	2020	2021	2022	2023
$13,648	$13,649	$13,920	$14,193	$14,545	$15,192
13,648	13,649	13,920	14,193	14,545	15,192
$0	$0	$0	$0	$0	$0
$2,729,621	$2,729,768	$2,483,423	$2,532,066	$2,594,859	$2,710,254
0.50%	0.47%	0.50%	0.50%	0.50%	0.50%

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

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

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

<u>NET OPEB LIABILITY (ASSET)</u> (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2023: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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CITY OF SYLVANIA, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE	Federal Assistance Listing Number	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION			
PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205	PID 107489	3,974,883
Highway Planning and Construction	20.205	PID 109598	1,261,315
Total U.S. Department of Transportation			**5,236,198**
U.S. DEPARTMENT OF THE TREASURY			
COVID19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	193,069
Total U.S. Department of the Treasury			**193,069**
Total Federal Expenditures			**$ 5,429,267**

City of Sylvania, Ohio
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of City of Sylvania, Ohio (the “City”) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

To the City Council
City of Sylvania, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sylvania, Ohio ("the City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 14, 2024

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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Maumee, Ohio 43537
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Sylvania, Ohio:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sylvania, Ohio's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 14, 2024

City of Sylvania, Ohio
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major program:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major program:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major program:	
ALN 20.205 - Highway Planning and Construction	
Dollar threshold to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(c)
December 31, 2023

Finding Number	Status	Explanation
2022-001	Corrected	The misstatement in the financial statements was related to lease receivable, note receivable and deferred inflows for leases.

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF SYLVANIA

LUCAS 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 7/18/2024