CITY OF WAUSEON
FULTON COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF WAUSEON
FULTON COUNTY
DECEMBER 31, 2023

TABLE OF CONTENTS

CITY OF WAUSEON
FULTON COUNTY
DECEMBER 31, 2023

TABLE OF CONTENTS
(Continued)

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INDEPENDENT AUDITOR'S REPORT

City of Wauseon
Fulton County
230 Clinton Street
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To the City Council:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2024

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The discussion and analysis of the City of Wauseon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's 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 $1,670,612. Net position of governmental activities increased $1,291,450, which represents a 8% change from 2022. Net position of business-type activities increased $379,162 or approximately 2% from 2022.

- General revenues accounted for $8,421,667 in revenue or 55% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $6,790,689, 45% of total revenues of $15,212,356.

- The City had $9,943,473 in expenses related to governmental activities; only $3,165,852 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $8,338,851 were adequate to provide for these programs.

- Among major funds, the general fund had $10,121,088 in revenues, and $7,327,725 in expenditures. The general fund's fund balance increased from $2,193,458 to $4,087,320.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. 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 accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows/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 it has changed. Net position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is 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 the City's tax base and the condition of the City's capital assets.

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

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, basic utility 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 and wastewater services are reported as business-type activities.

Fund Financial Statements

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

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 programs. 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. The proprietary fund financial statements provide separate information for the Water and Wastewater funds, both of which are considered major funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2023 compared to 2022.

	Governmental Activities		Business-type Activities		Total	
		Restated				Restated
	2023	2022	2023	2022	2023	2022
Current and Other Assets	$9,639,719	$8,265,456	$4,156,699	$4,018,863	$13,796,418	$12,284,319
Net OPEB Asset	0	283,137	0	175,058	0	458,195
Capital Assets, Net	16,992,442	16,311,837	16,162,222	15,992,090	33,154,664	32,303,927
Total Assets	26,632,161	24,860,430	20,318,921	20,186,011	46,951,082	45,046,441
Deferred Outflows of Resources	4,468,453	2,896,667	840,987	232,581	5,309,440	3,129,248
Net Pension Liability	9,854,585	5,273,741	1,723,087	489,768	11,577,672	5,763,509
Net OPEB Liability	583,486	786,280	36,998	0	620,484	786,280
Long-term Liabilities	1,700,491	1,919,156	1,749,368	1,877,982	3,449,859	3,797,138
Other Liabilities	964,886	964,326	158,090	175,662	1,122,976	1,139,988
Total Liabilities	13,103,448	8,943,503	3,667,543	2,543,412	16,770,991	11,486,915
Deferred Inflows of Resources	1,458,873	3,566,751	12,202	774,179	1,471,075	4,340,930
Net Position						
Net Investment in Capital Assets	15,682,820	14,707,232	14,578,689	14,291,166	30,261,509	28,998,398
Restricted	3,261,067	3,005,263	0	0	3,261,067	3,005,263
Unrestricted (Deficit)	(2,405,594)	(2,465,652)	2,901,474	2,809,835	495,880	344,183
Total Net Position	$16,538,293	$15,246,843	$17,480,163	$17,101,001	$34,018,456	$32,347,844

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." The net OPEB liability (NOL) is reported by the City pursuant to 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 and OPEB.

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, respectively, not accounted for as deferred inflows/outflows.

Change in Net Position – The following table shows the change in net position for 2023 compared to 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	$2,240,730	$2,229,208	$3,617,337	$3,327,676	$5,858,067	$5,556,884
Operating Grants and Contributions	755,828	634,625	0	0	755,828	634,625
Capital Grants and Contributions	169,294	341,071	7,500	198,135	176,794	539,206
Total Program Revenues	3,165,852	3,204,904	3,624,837	3,525,811	6,790,689	6,730,715
General revenues:						
Property Taxes	510,542	525,467	0	0	510,542	525,467
Income Taxes	6,835,708	5,020,158	0	0	6,835,708	5,020,158
Intergovernmental Revenues, Unrestricted	281,146	273,270	0	0	281,146	273,270
Investment Earnings	379,168	(150,311)	82,816	34,495	461,984	(115,816)
Miscellaneous	332,287	237,263	0	0	332,287	237,263
Total General Revenues	8,338,851	5,905,847	82,816	34,495	8,421,667	5,940,342
Total Revenues	11,504,703	9,110,751	3,707,653	3,560,306	15,212,356	12,671,057
Program Expenses						
Security of Persons and Property	6,253,371	4,736,812	0	0	6,253,371	4,736,812
Basic Utility Services	94,460	106,513	0	0	94,460	106,513
Leisure Time Activities	1,013,068	830,050	0	0	1,013,068	830,050
Community Environment	208,495	134,194	0	0	208,495	134,194
Transportation	1,293,532	1,172,616	0	0	1,293,532	1,172,616
General Government	1,043,032	861,118	0	0	1,043,032	861,118
Interest and Fiscal Charges	37,515	50,581	0	0	37,515	50,581
Water	0	0	1,908,759	1,729,457	1,908,759	1,729,457
Wastewater	0	0	1,689,512	1,345,477	1,689,512	1,345,477
Total Expenses	9,943,473	7,891,884	3,598,271	3,074,934	13,541,744	10,966,818
Change in Net Position Before Transfers	1,561,230	1,218,867	109,382	485,372	1,670,612	1,704,239
Transfers	(269,780)	(1,038,327)	269,780	1,038,327	0	0
Total Change in Net Position	1,291,450	180,540	379,162	1,523,699	1,670,612	1,704,239
Beginning Net Position	15,246,843	15,066,303	17,101,001	15,577,302	32,347,844	30,643,605
Ending Net Position	$16,538,293	$15,246,843	$17,480,163	$17,101,001	$34,018,456	$32,347,844

Governmental Activities

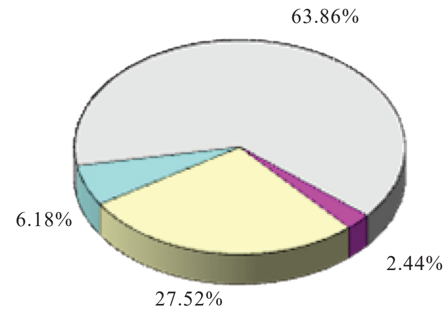
Net position of governmental activities increased $1,291,450, or 8%. The City reduced the allowable income tax credit for taxes paid to other municipalities from 1.5% to 1%. In addition, the City has been diligent in collecting past due income tax amounts. Both of these factors contributed to an increase in income tax revenue. An increase in investment earnings can be attributed to an increase in interest rates.

An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation and on net profits earned by residents both in and out of the City and to earnings of non-residents (except certain transients) earned in the City.

Taxes made up 64% of revenues for governmental activities in 2023. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2023	Percent of Total
General Tax Revenues	$7,346,250	63.86%
Intergovernmental, Unrestricted	281,146	2.44%
Program Revenues	3,165,852	27.52%
General Other	711,455	6.18%
Total Revenue	$11,504,703	100.00%



Business-Type Activities

Net position of business-type activities increased $379,162. This represents a change of approximately 2% from the previous year. Beginning in January 2023, the City increased water and wastewater rates 5% and 9%, respectively, which resulted in an increase in charges for services. An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $6,366,276, which is an increase from last year's balance of $5,106,420. The schedule below indicates the fund balance and the total change in fund balance at December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	$4,087,320	$2,193,458	$1,893,862
Street Construction Maintenance and Repair	472,346	480,073	(7,727)
State and Local Fiscal Recovery	0	0	0
Tax Increment	(532,126)	(61,556)	(470,570)
Income Tax Capital Improvement	993,137	1,366,222	(373,085)
Other Governmental	1,345,599	1,128,223	217,376
Total	$6,366,276	$5,106,420	$1,259,856

General Fund – The City's General Fund balance change is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

Management's Discussion and Analysis
For the Year Ended December 31, 2023 ***Unaudited***

	2023 Revenues	2022 Revenues	Increase (Decrease)
Taxes	$7,068,816	$5,249,737	$1,819,079
Intergovernmental Revenue	418,970	294,904	124,066
Charges for Services	2,027,624	1,997,376	30,248
Licenses and Permits	79,587	88,254	(8,667)
Investment Earnings	228,668	66,901	161,767
Fines and Forfeitures	14,533	13,784	749
All Other Revenue	282,890	212,062	70,828
Total	$10,121,088	$7,923,018	$2,198,070

General Fund revenues increased approximately 28% when compared to revenues in 2022. The City reduced the allowable income tax credit for taxes paid to other municipalities from 1.5% to 1%. In addition, the City has been diligent in collecting past due income tax amounts. Both of these factors contributed to an increase in tax revenue. An increase in investment earnings can be attributed to an increase in interest rates.

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
Security of Persons and Property	$5,129,625	$4,482,019	$647,606
Basic Utility Services	41,056	58,773	(17,717)
Leisure Time Activities	620,905	615,575	5,330
Community Environment	149,569	107,665	41,904
Transportation	437,613	427,086	10,527
General Government	919,221	682,325	236,896
Capital Outlay	2,104	6,236	(4,132)
Debt Service:			
Principal Retirement	22,875	0	22,875
Interest and Fiscal Charges	4,757	0	4,757
Total	$7,327,725	$6,379,679	$948,046

General Fund expenditures increased $948,046, or 15% when compared with the previous year. An increase in security of persons and property was mostly due to increases in wages and benefits. Income tax refunds and benefit increases contributed to an increase in general government.

Street Construction, Maintenance, and Repair Fund – The Street Construction, Maintenance, and Repair Fund balance decreased approximately 2%. Revenues were consistent with the prior year. Outlays in the prior year for the South Brunell Street reconstruction project resulted in a subsequent decrease in expenditures in 2023.

State and Local Fiscal Recovery Fund – The City reported the expenditure of $43,684 of State and Local Fiscal Recovery funds, as part of the American Rescue Plan Act. The remaining $468,116 balance of unspent funds are reflected on the balance sheet as unearned revenue.

Tax Increment Fund – The Tax Increment Fund reported capital outlay for infrastructure as part of a tax increment financing agreement with a local developer and interest payments on an interfund loan that is financing the project.

Income Tax Capital Improvement Fund – The Income Tax Capital Improvement fund balance decreased approximately 27%, which can be attributed to outlays for various capital purchases and infrastructure improvements.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2023 the City amended its General Fund budget several times.

For the General Fund, final revenue estimates increased 23% from original estimates due to increases in income taxes and investment earnings. Final revenue estimates and actual receipts were not significantly different. Original budgeted, final budgeted, and actual budget basis expenditures were not materially different.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the City had $33,154,664 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, $16,992,442 was related to governmental activities and $16,162,222 to the business-type activities. The following tables show 2023 and 2022 balances:

	Governmental Activities		Increase (Decrease)
	2023	Restated 2022	
Land	$1,719,083	$1,719,083	$0
Construction In Progress	31,947	0	31,947
Buildings	6,460,518	6,280,284	180,234
Improvements Other than Buildings	4,134,334	4,003,668	130,666
SBITA Asset	73,183	73,183	0
Machinery and Equipment	6,405,857	5,789,050	616,807
Infrastructure	12,732,222	12,167,776	564,446
Less: Accumulated Depreciation	(14,564,702)	(13,721,207)	(843,495)
Totals	$16,992,442	$16,311,837	$680,605

Significant governmental activities capital asset additions included various vehicle and equipment purchases in the police, street, and parks departments. Infrastructure additions included improvements to Seneca Street, Oak Street, East Chestnut Street, West Drive, and Depot Street .

Management's Discussion and Analysis
For the Year Ended December 31, 2023 *Unaudited*

	Business-Type Activities		Increase (Decrease)
	2023	2022	
Land	$103,710	$103,710	$0
Construction in Progress	34,447	34,447	0
Buildings	9,892,121	9,706,579	185,542
Improvements other than Buildings	17,864,286	17,563,204	301,082
Machinery and Equipment	7,877,880	7,293,031	584,849
Less: Accumulated Depreciation	(19,610,222)	(18,708,881)	(901,341)
Totals	$16,162,222	$15,992,090	$170,132

Business-type additions to machinery and equipment included clarifier improvements, pumps, and meters. Improvements included Seneca Street sanitary sewer and storm water improvements.

Additional information on the City's capital assets can be found in Note 7.

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations outstanding as of December 31, 2023 and 2022:

	2023	Restated 2022
Governmental Activities:		
General Obligation Bonds	$1,166,000	$1,348,000
Installment Loan	93,314	183,422
SBITA	50,308	73,183
Compensated Absences	390,869	314,551
Total Governmental Activities	1,700,491	1,919,156
Business-Type Activities:		
Ohio Water Development Authority Loar	1,366,033	1,544,924
Ohio Public Works Commision Loan	112,500	0
General Obligation Bonds	105,000	156,000
Compensated Absences	165,835	177,058
Total Business-Type Activities	1,749,368	1,877,982
Totals	$3,449,859	$3,797,138

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. 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 10.

ECONOMIC FACTORS

The City of Wauseon is the county seat of Fulton County, located in the northwest corner of Ohio. The City's main source of revenue is a 1.5% income tax levied on residents of the City and nonresidents working within the City. Income tax revenues collected are allocated to the General Fund.

The city continued to experience steady economic growth in 2023. Income tax receipts for 2023 increased approximately 31% compared to 2022. Business income taxes increased 146%, withholding taxes increased 14% and resident taxes increased 7% from 2022. The uptick in interest rates also provided an additional 46% increase in interest income for the city. The city continues to use conservative budgeting to reflect the general economic climate. Continued employment is key to the stability and growth of the City's revenue stream.

The two types of employers with the largest number of employees are manufacturing and governmental/health.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or the need for additional financial information should be directed to Jamie L. Giguere, Director of Finance, City of Wauseon at 419-335-9022 or jamie.giguere@cityofwauseon.com.

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Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 3,062,981	$ 578,282	$ 3,641,263
Cash and Cash Equivalents in Segregated Accounts	1,934	0	1,934
Investments	2,503,674	2,764,606	5,268,280
Receivables:			
Taxes	1,490,942	0	1,490,942
Accounts	267,470	445,937	713,407
Intergovernmental	468,357	0	468,357
Interest	5,031	0	5,031
Special Assessments	1,074,687	0	1,074,687
Loans	212,043	0	212,043
Inventory of Supplies at Cost	65,250	337,241	402,491
Prepaid Items	41,564	30,633	72,197
Restricted Assets:			
Cash and Cash Equivalents	205,934	0	205,934
Cash and Cash Equivalents with Fiscal Agent	239,852	0	239,852
Non-Depreciable Capital Assets	1,751,030	138,157	1,889,187
Depreciable Capital Assets, Net	15,241,412	16,024,065	31,265,477
Total Assets	26,632,161	20,318,921	46,951,082
Deferred Outflows of Resources:			
Pension	3,767,181	731,377	4,498,558
OPEB	701,272	109,610	810,882
Total Deferred Outflows of Resources	4,468,453	840,987	5,309,440
Liabilities:			
Accounts Payable	103,722	56,074	159,796
Accrued Wages and Benefits	244,751	63,026	307,777
Intergovernmental Payable	12,954	16,036	28,990
Claims Payable	126,655	22,845	149,500
Unearned Revenue	468,116	0	468,116
Accrued Interest Payable	8,688	109	8,797
Noncurrent Liabilities:			
Due Within One Year	533,904	315,245	849,149
Due in More Than One Year:			
Net Pension Liability	9,854,585	1,723,087	11,577,672
Net OPEB Liability	583,486	36,998	620,484
Other Amounts Due in More Than One Year	1,166,587	1,434,123	2,600,710
Total Liabilities	13,103,448	3,667,543	16,770,991

(Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	535,952	0	535,952
Pension	371,204	0	371,204
OPEB	551,717	12,202	563,919
Total Deferred Inflows of Resources	1,458,873	12,202	1,471,075
Net Position:			
Net Investment in Capital Assets	15,682,820	14,578,689	30,261,509
Restricted For:			
Capital Projects	1,074,687	0	1,074,687
Other Purposes	2,186,380	0	2,186,380
Unrestricted (Deficit)	(2,405,594)	2,901,474	495,880
Total Net Position	$ 16,538,293	$ 17,480,163	$ 34,018,456

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:				
Security of Persons and Property	$ 6,253,371	$ 2,004,363	$ 140,627	$ 0
Basic Utility Services	94,460	1,105	0	0
Leisure Time Activities	1,013,068	111,338	0	159,932
Community Environment	208,495	22,490	0	0
Transportation	1,293,532	0	560,788	9,362
General Government	1,043,032	101,434	54,413	0
Interest and Fiscal Charges	37,515	0	0	0
Total Governmental Activities	9,943,473	2,240,730	755,828	169,294
Business-Type Activities:				
Water	1,908,759	1,989,751	0	0
Wastewater	1,689,512	1,627,586	0	7,500
Total Business-Type Activities	3,598,271	3,617,337	0	7,500
Totals	$ 13,541,744	$ 5,858,067	$ 755,828	$ 176,794

General Revenues and Transfers

Property Taxes Levied for:

General Purposes

Parks and Recreation

Income Taxes

Intergovernmental Revenues, Unrestricted

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
$ (4,108,381)	$ 0	$ (4,108,381)
(93,355)	0	(93,355)
(741,798)	0	(741,798)
(186,005)	0	(186,005)
(723,382)	0	(723,382)
(887,185)	0	(887,185)
(37,515)	0	(37,515)
(6,777,621)	0	(6,777,621)
0	80,992	80,992
0	(54,426)	(54,426)
0	26,566	26,566
$ (6,777,621)	$ 26,566	$ (6,751,055)
272,722	0	272,722
237,820	0	237,820
6,835,708	0	6,835,708
281,146	0	281,146
379,168	82,816	461,984
332,287	0	332,287
(269,780)	269,780	0
8,069,071	352,596	8,421,667
1,291,450	379,162	1,670,612
15,246,843	17,101,001	32,347,844
$ 16,538,293	$ 17,480,163	$ 34,018,456

Balance Sheet
Governmental Funds
December 31, 2023

	General	Street Construction, Maintenance, and Repair	State and Local Fiscal Recovery	Tax Increment
Assets:				
Cash and Cash Equivalents	$ 913,401	$ 369,194	$ 468,116	$ 47,905
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Investments	1,851,466	0	0	0
Receivables:				
Taxes	1,244,651	0	0	0
Accounts	267,470	0	0	0
Intergovernmental	214,241	224,037	0	0
Interest	5,031	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Interfund Loans Receivable	575,000	0	0	0
Inventory of Supplies, at Cost	27,033	38,217	0	0
Prepaid Items	36,919	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	$ 5,135,212	$ 631,448	$ 468,116	$ 47,905
Liabilities:				
Accounts Payable	$ 91,110	$ 372	$ 0	$ 0
Accrued Wages and Benefits Payable	238,651	6,100	0	0
Intergovernmental Payable	12,943	0	0	0
Claims Payable	123,383	3,272	0	0
Interfund Loans Payable	0	0	0	575,000
Unearned Revenue	0	0	468,116	0
Accrued Interest Payable	0	0	0	5,031
Total Liabilities	466,087	9,744	468,116	580,031
Deferred Inflows of Resources:				
Unavailable Amounts	290,183	149,358	0	0
Property Tax Levy for Next Fiscal Year	291,622	0	0	0
Total Deferred Inflows of Resources	581,805	149,358	0	0
Fund Balance:				
Nonspendable	638,952	38,217	0	0
Restricted	0	434,129	0	0
Committed	0	0	0	0
Assigned	170,346	0	0	0
Unassigned	3,278,022	0	0	(532,126)
Total Fund Balance	4,087,320	472,346	0	(532,126)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 5,135,212	$ 631,448	$ 468,116	$ 47,905

See accompanying notes to the basic financial statements

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 352,354	$ 912,011	$ 3,062,981
0	1,934	1,934
652,208	0	2,503,674
0	246,291	1,490,942
0	0	267,470
0	30,079	468,357
0	0	5,031
1,074,687	0	1,074,687
0	212,043	212,043
0	0	575,000
0	0	65,250
0	4,645	41,564
0	205,934	205,934
0	239,852	239,852
$ 2,079,249	$ 1,852,789	$ 10,214,719
$ 11,425	$ 815	$ 103,722
0	0	244,751
0	11	12,954
0	0	126,655
0	0	575,000
0	0	468,116
0	0	5,031
11,425	826	1,536,229
1,074,687	262,034	1,776,262
0	244,330	535,952
1,074,687	506,364	2,312,214
0	216,688	893,857
0	1,128,911	1,563,040
993,137	0	993,137
0	0	170,346
0	0	2,745,896
993,137	1,345,599	6,366,276
$ 2,079,249	$ 1,852,789	$ 10,214,719

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

Total Governmental Fund Balances		$ 6,366,276
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.		16,992,442
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,776,262
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	3,767,181	
Deferred Inflows - Pension	(371,204)	
Net Pension Liability	(9,854,585)	
Deferred Outflows - OPEB	701,272	
Deferred Inflows - OPEB	(551,717)	
Net OPEB Liability	(583,486)	(6,892,539)
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	(1,166,000)	
Installment Loan Payable	(93,314)	
SBITA Payable	(50,308)	
Compensated Absences Payable	(390,869)	
Accrued Interest Payable	(3,657)	(1,704,148)
Net Position of Governmental Activities		$ 16,538,293

See accompanying notes to the basic financial statements

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

	General	Street Construction, Maintenance, and Repair	State and Local Fiscal Recovery	Tax Increment
Revenues:				
Taxes	$ 7,068,816	$ 0	$ 0	$ 0
Intergovernmental Revenue	418,970	458,114	43,684	0
Charges for Services	2,027,624	0	0	0
Licenses and Permits	79,587	0	0	0
Investment Earnings	228,668	0	0	13,116
Special Assessments	0	0	0	0
Fines and Forfeitures	14,533	0	0	0
All Other Revenue	282,890	409	0	0
Total Revenue	10,121,088	458,523	43,684	13,116
Expenditures:				
Current:				
Security of Persons and Property	5,129,625	0	0	0
Basic Utility Services	41,056	0	0	0
Leisure Time Activities	620,905	0	0	0
Community Environment	149,569	0	0	0
Transportation	437,613	447,409	0	0
General Government	919,221	0	43,684	0
Capital Outlay	2,104	0	0	471,611
Debt Service:				
Principal Retirement	22,875	0	0	0
Interest & Fiscal Charges	4,757	0	0	12,075
Total Expenditures	7,327,725	447,409	43,684	483,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,793,363	11,114	0	(470,570)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	(900,000)	0	0	0
Total Other Financing Sources (Uses)	(900,000)	0	0	0
Net Change in Fund Balance	1,893,363	11,114	0	(470,570)
Fund Balance at Beginning of Year	2,193,458	480,073	0	(61,556)
Increase (Decrease) in Inventory	499	(18,841)	0	0
Fund Balance End of Year	$ 4,087,320	$ 472,346	$ 0	$ (532,126)

See accompanying notes to the basic financial statements

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 0	$ 238,952	$ 7,307,768
9,362	72,430	1,002,560
0	0	2,027,624
0	0	79,587
130,104	7,280	379,168
0	17,296	17,296
0	84,730	99,263
27,026	21,962	332,287
166,492	442,650	11,245,553
0	25,511	5,155,136
0	0	41,056
0	163,694	784,599
20,814	28,091	198,474
0	7,978	893,000
0	0	962,905
1,123,416	0	1,597,131
90,108	182,000	294,983
6,524	16,715	40,071
1,240,862	423,989	9,967,355
(1,074,370)	18,661	1,278,198
900,000	198,715	1,098,715
(198,715)	0	(1,098,715)
701,285	198,715	0
(373,085)	217,376	1,278,198
1,366,222	1,128,223	5,106,420
0	0	(18,342)
$ 993,137	$ 1,345,599	$ 6,366,276

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		$ 1,278,198
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	1,673,338	
Depreciation Expense	(1,097,197)	576,141
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net position.		
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		159,932
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(55,468)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		99,218
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	658,993	
OPEB	10,392	669,385
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	(1,604,240)	
OPEB	(34,595)	(1,638,835)
The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
General Obligation Bond Principal Retirement	182,000	
Installment Loan Principal Retirement	90,108	
SBITA Principal Retirement	22,875	
Accrued Interest Payable	2,556	297,539

(Continued)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences	(76,318)	
Change in Inventory	(18,342)	(94,660)
Change in Net Position of Governmental Activities		$ 1,291,450

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:				
Taxes	$ 5,362,500	$ 6,889,000	$ 6,891,345	$ 2,345
Intergovernmental Revenue	258,400	293,400	295,132	1,732
Charges for Services	1,960,500	1,917,000	1,897,185	(19,815)
Licenses and Permits	12,200	6,000	5,740	(260)
Investment Earnings	85,000	208,000	228,668	20,668
Fines and Forfeitures	15,700	14,750	14,469	(281)
All Other Revenues	205,000	405,000	423,779	18,779
Total Revenues	7,899,300	9,733,150	9,756,318	23,168
Expenditures:				
Current:				
Security of Persons and Property	4,704,151	5,140,551	5,120,991	19,560
Basic Utility Services	80,000	41,250	41,073	177
Leisure Time Activities	674,723	638,923	621,738	17,185
Community Environment	178,726	155,026	144,752	10,274
Transportation	452,000	447,350	437,170	10,180
General Government	887,421	951,556	912,466	39,090
Capital Outlay	8,500	6,200	2,104	4,096
Total Expenditures	6,985,521	7,380,856	7,280,294	100,562
Excess (Deficiency) of Revenues Over (Under) Expenditures	913,779	2,352,294	2,476,024	123,730
Other Financing Sources (Uses):				
Transfers In	622,300	867,000	882,236	15,236
Transfers Out	(1,522,300)	(1,783,000)	(1,782,236)	764
Total Other Financing Sources (Uses):	(900,000)	(916,000)	(900,000)	16,000
Net Change in Fund Balance	13,779	1,436,294	1,576,024	139,730
Fund Balance at Beginning of Year	1,132,807	1,132,807	1,132,807	0
Prior Year Encumbrances	29,025	29,025	29,025	0
Fund Balance at End of Year	$ 1,175,611	$ 2,598,126	$ 2,737,856	$ 139,730

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	$ 448,000	$ 448,000	$ 454,273	$ 6,273
All Other Revenues	1,000	1,000	409	(591)
Total Revenues	449,000	449,000	454,682	5,682
Expenditures:				
Current:				
Transportation	520,000	532,500	447,188	85,312
Total Expenditures	520,000	532,500	447,188	85,312
Net Change in Fund Balance	(71,000)	(83,500)	7,494	90,994
Fund Balance at Beginning of Year	361,700	361,700	361,700	0
Fund Balance at End of Year	$ 290,700	$ 278,200	$ 369,194	$ 90,994

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures:				
Current:				
General Government	254,188	298,188	103,171	195,017
Total Expenditures	254,188	298,188	103,171	195,017
Net Change in Fund Balance	(254,188)	(298,188)	(103,171)	195,017
Fund Balance at Beginning of Year	507,612	507,612	507,612	0
Prior Year Encumbrances	4,188	4,188	4,188	0
Fund Balance at End of Year	$ 257,612	$ 213,612	$ 408,629	$ 195,017

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	Wastewater	Total
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 177,823	$ 400,459	$ 578,282
Investments	785,023	1,979,583	2,764,606
Receivables:			
Accounts	236,416	209,521	445,937
Inventory of Supplies at Cost	313,871	23,370	337,241
Prepaid Items	12,054	18,579	30,633
Total Current Assets	1,525,187	2,631,512	4,156,699
Noncurrent Assets:			
Capital Assets, Net	7,916,697	8,245,525	16,162,222
Total Assets	9,441,884	10,877,037	20,318,921
Deferred Outflows of Resources:			
Pension	443,038	288,339	731,377
OPEB	66,396	43,214	109,610
Total Deferred Outflows of Resources	509,434	331,553	840,987
Liabilities:			
Current Liabilities:			
Accounts Payable	27,310	28,764	56,074
Accrued Wages and Benefits	39,452	23,574	63,026
Intergovernmental Payable	9,753	6,283	16,036
Claims Payable	5,296	17,549	22,845
Compensated Absences Payable - Current	55,360	39,123	94,483
Accrued Interest Payable	109	0	109
General Obligation Bonds Payable - Current	52,000	0	52,000
OWDA Loans Payable - Current	0	163,137	163,137
OPWC Loans Payable - Current	0	5,625	5,625
Total Current Liabilities	189,280	284,055	473,335
Noncurrent Liabilities:			
General Obligation Bonds Payable	53,000	0	53,000
OWDA Loans Payable	0	1,202,896	1,202,896
OPWC Loans Payable	0	106,875	106,875
Compensated Absences Payable	43,347	28,005	71,352
Net Pension Liability	1,043,770	679,317	1,723,087
Net OPEB Liability	22,410	14,588	36,998
Total Noncurrent Liabilities	1,162,527	2,031,681	3,194,208
Total Liabilities	1,351,807	2,315,736	3,667,543

(Continued)

	Business-Type Activities Enterprise Funds		
	Water	Wastewater	Total
Deferred Inflows of Resources:			
OPEB	7,390	4,812	12,202
Total Deferred Inflows of Resources	7,390	4,812	12,202
Net Position:			
Net Investment in Capital Assets	7,811,697	6,766,992	14,578,689
Unrestricted	780,424	2,121,050	2,901,474
Total Net Position	$ 8,592,121	$ 8,888,042	$ 17,480,163

See accompanying notes to the basic financial statements

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	Wastewater	Total
Operating Revenues:			
Charges for Services	$ 1,948,743	$ 1,618,548	$ 3,567,291
Other Operating Revenues	6,698	1,364	8,062
Total Operating Revenues	1,955,441	1,619,912	3,575,353
Operating Expenses:			
Personal Services	948,238	727,499	1,675,737
Contractual Services	180,273	125,527	305,800
Materials and Supplies	345,882	249,718	595,600
Depreciation	372,476	528,865	901,341
Total Operating Expenses	1,846,869	1,631,609	3,478,478
Operating Income (Loss)	108,572	(11,697)	96,875
Non-Operating Revenues (Expenses):			
Interest Income	26,134	56,682	82,816
Interest and Fiscal Charges	(2,357)	(49,590)	(51,947)
Other Nonoperating Revenue	34,310	7,674	41,984
Other Nonoperating Expense	(59,533)	(8,313)	(67,846)
Total Non-Operating Revenues (Expenses)	(1,446)	6,453	5,007
Income (Loss) Before Contributions	107,126	(5,244)	101,882
Contributions:			
Capital Contributions	0	277,280	277,280
Total Contributions	0	277,280	277,280
Change in Net Position	107,126	272,036	379,162
Net Position Beginning of Year	8,484,995	8,616,006	17,101,001
Net Position End of Year	$ 8,592,121	$ 8,888,042	$ 17,480,163

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds		
	Water	Wastewater	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	$2,000,442	$1,628,822	$3,629,264
Cash Payments for Goods and Services	(696,404)	(380,724)	(1,077,128)
Cash Payments to Employees	(911,813)	(699,828)	(1,611,641)
Net Cash Provided by Operating Activities	392,225	548,270	940,495
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(351,042)	(483,595)	(834,637)
Capital Contributions	0	7,500	7,500
Bond Principal Retirement	(51,000)	0	(51,000)
OPWC Loan Issuance	0	112,500	112,500
OWDA Loan Retirement	(21,070)	(157,821)	(178,891)
Interest Paid on All Debt	(2,409)	(49,590)	(51,999)
Net Cash Used by Capital and Related Financing Activities	(425,521)	(571,006)	(996,527)
Cash Flows from Investing Activities:			
Purchase of Investments	(785,023)	(1,979,583)	(2,764,606)
Sale of Investments	673,217	2,043,743	2,716,960
Receipts of Interest	26,134	56,682	82,816
Net Cash Provided (Used) by Investing Activities	(85,672)	120,842	35,170
Net Increase (Decrease) in Cash and Cash Equivalents	(118,968)	98,106	(20,862)
Cash and Cash Equivalents at Beginning of Year	296,791	302,353	599,144
Cash and Cash Equivalents at End of Year	$177,823	$400,459	$578,282
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$108,572	($11,697)	$96,875
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	372,476	528,865	901,341
Miscellaneous Nonoperating Revenue	54,381	7,674	62,055
Miscellaneous Nonoperating Expense	(55,932)	(7,674)	(63,606)
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(9,380)	1,236	(8,144)
(Increase) Decrease in Inventory	(124,823)	442	(124,381)
(Increase) Decrease in Prepaid Items	7,384	(5,982)	1,402
Decrease in Net OPEB Asset	106,052	69,006	175,058
Increase in Deferred Outflows of Resources	(368,938)	(239,468)	(608,406)
Increase (Decrease) in Accounts Payable	(2,509)	2,784	275
Increase (Decrease) in Accrued Wages and Benefits	4,749	(995)	3,754
Increase in Intergovernmental Payable	5,699	5,263	10,962
Increase (Decrease) in Claims Payable	(3,931)	124	(3,807)
Decrease in Compensated Absences Payable	(9,443)	(1,780)	(11,223)
Increase in Net Pension Liability	747,066	486,253	1,233,319
Increase in Net OPEB Liability	22,410	14,588	36,998
Decrease in Deferred Inflows of Resources	(461,608)	(300,369)	(761,977)
Total Adjustments	283,653	559,967	843,620
Net Cash Provided by Operating Activities	$392,225	$548,270	$940,495

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wauseon (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution, the laws of the State of Ohio and its Charter. Wauseon became a city on April 20, 1981, and operates under a Council/Mayor form of government.

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,"* 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, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: public safety, highways and streets, sanitation, health and social services, culture/recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, which are reported as enterprise funds.

Jointly Governed Organizations

The City in conjunction with the Clinton Township Trustees formed the Wauseon Union Cemetery (the "Cemetery") under the authority of Ohio Revised Code Section 759.27. The Cemetery's Board of Trustees is composed of three members, one of whom is a member of the Board of Township Trustees and one a member of the Wauseon City Council. Funding for the Cemetery is provided by a tax levy on all real property located within Clinton Township. Taxes are collected by the County Auditor and remitted to the Board of Cemetery Trustees for use in the care and maintenance of the Cemetery.

The Wauseon Ohio Advanced Energy Improvement District (the District) is a not for profit entity established pursuant to Ohio Revised Code (ORC) Chapter 1710. The District was created by legislative action taken by participating political subdivisions and is governed by the District's board of trustees. The participating political subdivisions include Rupp Unlimited Property Partnership, LLC and the City of Wauseon. The District was established to develop and implement special energy improvement projects as defined by ORC Chapter 1710, and is therefore subject to special assessments. The City paid $17,296 to the District in 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The City is a member of the Maumee Valley Planning Organization (MVPO), which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area.

B. Basis of Presentation - Fund Accounting

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

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.

Street Construction, Maintenance, and Repair Fund - This fund is used to account for revenues distributed by the State from the motor vehicle registration and gasoline tax. Expenditures may only be used for City street construction, maintenance and repair.

State and Local Fiscal Recovery Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act. The funds are to be used to support the response and recovery from the COVID-19 public health emergency.

Tax Increment Fund - This fund is used to account for debt proceeds to finance public infrastructure costs as part of a tax increment financing agreement with a private developer.

Income Tax Capital Improvement Fund - This fund is used to account for the financial resources used for the major capital projects undertaken by the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where 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 enterprise funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the balance sheet. The enterprise funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The City's major enterprise funds are:

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

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

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental 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.

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, current liabilities, and deferred outflows/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, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. 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. 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 considered to be 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. 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 are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, loans and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. 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 inflows of resources. Property taxes are further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the government wide financial statements and by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. 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 tax budget, the certificate of estimated resources and the appropriation ordinance, all of 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 legal level of budgetary control is at the fund, department, and object level. Budgetary modifications may only be made by ordinance or resolution of the City Council.

1. Tax Budget

Prior to fiscal year 2002, the Finance Director would submit an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget was submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year. Beginning in fiscal year 2002, this requirement was waived by the County Budget Commission.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to October 1, the City accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the Commission's certificate of estimated resources, which states the projected revenue of each 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 preceding 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.

3. 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. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the fund, department, and object level. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual Non-GAAP Budgetary Basis for the General Fund and Major Special Revenue Fund is provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. 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.

5. 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's 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 the 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. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Major Special Revenue Fund:

Net Change in Fund Balance	General Fund	Street Construction, Maintenance, and Repair Fund	State and Local Fiscal Recovery Fund
GAAP Basis (as reported)	$1,893,363	$11,114	$0
Increase (Decrease):			
Accrued Revenues at December 31, 2023 received during 2024	(1,149,588)	(74,679)	0
Accrued Revenues at December 31, 2022 received during 2023	784,818	70,838	0
Accrued Expenditures at December 31, 2023 paid during 2024	466,087	9,744	0
Accrued Expenditures at December 31, 2022 paid during 2023	(412,840)	(9,523)	0
Change in Unearned Revenue	0	0	(43,684)
2022 Prepaids for 2023	58,114	0	0
2023 Prepaids for 2024	(36,919)	0	0
Outstanding Encumbrances	(27,011)	0	(59,487)
Budget Basis	$1,576,024	$7,494	($103,171)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). The amounts in STAR Ohio are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The City pools a majority of its cash for investment and resource management purposes, while maintaining some segregated funds. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. See Note 3, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. 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 which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is 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. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City allocates interest among the various funds as determined by City Ordinance. Interest revenue credited to the general fund during 2023 amounted to $228,668, which includes $116,807 assigned from other funds.

The City's investment in the State Treasury Asset Reserve of Ohio (STAR 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 and is recognized as an external investment pool by the City. 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 a NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased.

I. 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000.

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.

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 interest capitalized during construction and 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.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. 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	30 - 50
Infrastructure	30
Machinery, Equipment, Furniture and Fixtures	10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

Obligation	Fund
Ohio Water Development Authority Loans	Water Fund, Wastewater Fund
Ohio Public Works Commission Loans	Wastewater Fund
Compensated Absences	General Fund, Street Construction, Maintenance and Repair Fund, Water Fund, Wastewater Fund
GO Bonds	Bond Retirement Fund, Water Fund
Installment Loan	Income Tax Capital Improvement Fund

L. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. Ohio Law requires that vacation time not be accumulated for more than three years. However, City policy requires that all vacation time be used by the employee's anniversary date. Accrued vacation may be carried over with the written authorization of the department head. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Unused sick time may be accumulated until retirement. Police department employees with a minimum of ten years of service with the City are paid one-quarter of the accumulated sick time upon retirement to a maximum of 60 days wages. All other employees with a minimum of ten years of service with the City are paid 35% of the accumulated sick time upon retirement to a maximum of 60 days wages. Monetary compensation for accumulated unused vacation and/or sick leave is the hourly rate of compensation of the employee at the time of separation.

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, that portion of unpaid compensated absences that 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 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 enterprise funds when earned and the related liability reported within the funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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.

N. Pension/OPEB

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

O. 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 in the financial statements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

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 City'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 (committed, assigned and unassigned) resources as they are needed.

Q. 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 and wastewater collection and treatment. 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.

R. 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 and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during 2023.

S. Deferred Outflows/Inflows 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the City, deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 8 and 9.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflows/Inflows of Resources (Continued)

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 position 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 property taxes, income taxes, special assessments, 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 and proprietary funds statement of net position. See Notes 8 and 9.

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

NOTE 2 – 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	Street Construction Maintenance and Repair Fund	State and Local Fiscal Recovery Fund	Tax Increment	Income Tax Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Loans Receivable	$0	$0	$0	$0	$0	$212,043	$212,043
Interfund Loan Receivable	575,000	0	0	0	0	0	575,000
Prepaid Items	36,919	0	0	0	0	4,645	41,564
Supplies Inventory	27,033	38,217	0	0	0	0	65,250
Total Nonspendable	638,952	38,217	0	0	0	216,688	893,857
Restricted:							
Street Improvements	0	434,129	0	0	0	152,843	586,972
Parks and Recreation	0	0	0	0	0	381,264	381,264
Fire Damage Deposit	0	0	0	0	0	21,680	21,680
Drug and Alcohol Treatment and Education	0	0	0	0	0	366,181	366,181
Debt Service	0	0	0	0	0	1,009	1,009
Community Development and Improvement	0	0	0	0	0	205,934	205,934
Total Restricted	0	434,129	0	0	0	1,128,911	1,563,040
Committed:							
Capital Improvements	0	0	0	0	993,137	0	993,137
Assigned:							
Services and Supplies	170,346	0	0	0	0	0	170,346
Total Assigned	170,346	0	0	0	0	0	170,346
Unassigned:	3,278,022	0	0	(532,126)	0	0	2,745,896
Total Fund Balances	$4,087,320	$472,346	$0	($532,126)	$993,137	$1,345,599	$6,366,276

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investments pool used by all funds except the Water Operating, Water Service Deposits, Wastewater Operating, Wastewater Debt Reserve, and the Revolving Loan Funds. Each fund type's portion of this pool is displayed on the Balance Sheet as "Cash and Cash Equivalents." The deposits and investments of the aforementioned funds are held separately from those of other City funds. Ohio law requires 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 "cash equivalent" 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.

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:

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

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 $3,778,086 and the bank balance was $3,959,643. Federal depository insurance covered the entire bank balance.

The City had restricted cash in the amount of $205,934, which was related to the Community Development Block Grant Economic Development Revolving Loan Fund. In addition, the City had cash with fiscal agent in the amount of $239,852, which was related to permissive tax monies held and secured by Fulton County. The City had petty cash in the amount of $1,050.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

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

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years) less than 1	1-3	3-5
STAR Ohio[4]	$69,995	AAAm[1]	NA	1.31%	$69,995	$0	$0
Marketable CD's	663,338	AAA[3]	Level 2	12.43%	406,910	0	256,428
US Treasury Notes	2,320,715	AA+[1] /Aaa[2]	Level 2	43.47%	487,086	755,632	1,077,997
FHLB	612,683	AA+[1] /Aaa[2]	Level 2	11.48%	0	346,730	265,953
FMCC	93,278	AA+1 /Aaa2	Level 2	1.75%	0	93,278	0
FFCB	766,658	AA+[1] /Aaa[2]	Level 2	14.36%	208,226	193,762	364,670
FNMA	569,187	AA+[1] /Aaa[2]	Level 2	10.66%	243,520	325,667	0
PEFCO	39,550	AA+[1] /Aaa[2]	Level 2	0.74%	0	0	39,550
FEDERAL FARM	202,871	AA+[1] /Aaa[2]	Level 2	3.80%	0	0	202,871
Total Investments	$5,338,275			100.00%	$1,415,737	$1,715,069	$2,207,469

[1] Standard & Poor's
[2] Moody's Investor Service
[3] All are fully FDIC insured and therefore have an implied AAA credit rating
[4] Reported at amortized cost

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Investment distribution is detailed in the table above.

Custodial Credit Risk – The City's balance of investments are held by the trust department of its banking institution in the City's name.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$4,088,983	$5,268,280
Cash with Fiscal Agent	(239,852)	
Petty Cash	(1,050)	
Investments:		
Star Ohio	(69,995)	69,995
Per GASB Statement No. 3	$3,778,086	$5,338,275

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property 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 are established by the county auditor at 35 percent 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 reappraisal was completed in 2020. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wauseon. 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 $4.20 per $1,000 of assessed value. The assessed value upon which the 2023 levy was based was $174,126,670. This amount constitutes $164,287,460 in real property assessed value and $9,839,210 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of one percent of assessed value without a vote of the people. Under current procedures, the City's share is .42% (4.20 mills) of assessed value.

Real Estate Tax Abatements

The City provides tax incentives under one (1) program, the Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. 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 Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

Currently, there are numerous businesses participating in this program.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is information relevant to the disclosure of this program for the year ending December 31, 2023.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2023
Community Reinvestment Area (CRA)	
Manufacturing/Commercial	$12,480
	$12,480

B. Income Tax

The City levies a tax of one and one half percent on all salaries, wages, and other compensation earned by residents both in and out of the City and to earnings of non-residents (except certain transients) earned in the City. The tax also applies to the net income earned by business organizations on work conducted within the City of Wauseon. Income tax revenue is accounted for through the General Fund.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts, interest, special assessments, loans, and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows are considered collectible in full.

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NOTE 6 – INTERFUND ACTIVITY

A. Interfund Loans

Individual interfund balances at December 31, 2023 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	$575,000	$0
Tax Increment Fund	0	575,000
Totals	$575,000	$575,000

Principal and interest requirements to retire the interfund loan outstanding at December 31, 2023 is as follows:

Years	Principal	Interest
2024	$14,200	$12,010
2025	14,497	10,737
2026	30,004	11,359
2027	47,269	10,639
2028	62,830	9,554
2029-2033	367,314	25,628
2034	38,886	408
Totals	$575,000	$80,335

B. Transfers

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

Fund	Transfer In	Transfer Out
General Fund	$0	$900,000
Income Tax Capital Improvement Fund	900,000	198,715
Other Governmental Funds	198,715	0
Totals	$1,098,715	$1,098,715

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

NOTE 7 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

Historical Cost: Class	Restated December 31, 2022	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:				
Land	$1,719,083	$0	$0	$1,719,083
Construction in Progress	0	31,947	0	31,947
Subtotal	1,719,083	31,947	0	1,751,030
Capital assets being depreciated:				
Buildings	6,280,284	180,234	0	6,460,518
Improvements Other than Buildings	4,003,668	130,666	0	4,134,334
SBITA Asset	73,183	0	0	73,183
Machinery and Equipment	5,789,050	925,977	(309,170)	6,405,857
Infrastructure	12,167,776	564,446	0	12,732,222
Subtotal	28,313,961	1,801,323	(309,170)	29,806,114
Total Cost	$30,033,044	$1,833,270	($309,170)	$31,557,144

Accumulated Depreciation: Class	December 31, 2022	Additions	Deletions	December 31, 2023
Buildings	($3,272,366)	($161,341)	$0	($3,433,707)
Improvements Other than Buildings	(1,849,261)	(135,326)	0	(1,984,587)
SBITA Asset	0	(6,099)	0	(6,099)
Machinery and Equipment	(3,564,715)	(418,445)	253,702	(3,729,458)
Infrastructure	(5,034,865)	(375,986)	0	(5,410,851)
Total Accumulated Depreciation	($13,721,207)	($1,097,197) *	$253,702	($14,564,702)
Net Value:	$16,311,837			$16,992,442

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

NOTE 7 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation was charged to governmental functions as follows:

Security of Persons and Property	$117,130
Basic Utility Services	50,814
Leisure Time Activities	177,358
Transportation	566,675
General Government	185,220
Total Depreciation Expense	$1,097,197

Under GASB Statement No. 34, the City is not required to retroactively report infrastructure assets. Only infrastructure capital assets acquired or constructed beginning in 2003 are reflected in the basic financial statements for the year ended December 31, 2023.

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2023:

Historical Cost:

Class	December 31, 2022	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:				
Land	$103,710	$0	$0	$103,710
Construction in Progress	34,447	0	0	34,447
Subtotal	138,157	0	0	138,157
Capital assets being depreciated:				
Buildings	9,706,579	185,542	0	9,892,121
Improvements other than Buildings	17,563,204	301,082	0	17,864,286
Machinery and Equipment	7,293,031	584,849	0	7,877,880
Subtotal	34,562,814	1,071,473	0	35,634,287
Total Cost	$34,700,971	$1,071,473	$0	$35,772,444

Accumulated Depreciation:

Class	December 31, 2022	Additions	Deletions	December 31, 2023
Buildings	($6,065,058)	($202,446)	$0	($6,267,504)
Improvements other than Buildings	(7,520,276)	(383,842)	0	(7,904,118)
Machinery and Equipment	(5,123,547)	(315,053)	0	(5,438,600)
Total Accumulated Depreciation	($18,708,881)	($901,341)	$0	($19,610,222)
Net Value:	$15,992,090			$16,162,222

NOTE 8 – 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.

NOTE 8 – 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%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.
Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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 $345,217 for 2023.

NOTE 8 – 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.

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

NOTE 8 – 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 $442,421 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	$4,623,908	$6,953,764	$11,577,672
Proportion of the Net Pension Liability-2023	0.015653%	0.073205%	
Proportion of the Net Pension Liability-2022	0.014734%	0.071735%	
Percentage Change	0.000919%	0.001470%	
Pension Expense	$759,581	$1,107,343	$1,866,924

NOTE 8 – 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			
Changes in assumptions	$48,848	$627,202	$676,050
Differences between expected and actual experience	153,588	104,307	257,895
Net difference between projected and actual earnings on pension plan investments	1,317,958	1,012,380	2,330,338
Change in proportionate share	97,037	349,600	446,637
City contributions subsequent to the measurement date	345,217	442,421	787,638
Total Deferred Outflows of Resources	$1,962,648	$2,535,910	$4,498,558
Deferred Inflows of Resources			
Changes in assumptions	$0	$135,597	$135,597
Differences between expected and actual experience	0	158,429	158,429
Change in proportionate share	0	77,178	77,178
Total Deferred Inflows of Resources	$0	$371,204	$371,204

$787,638 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	$244,642	$280,363	$525,005
2025	339,224	406,774	745,998
2026	387,938	423,908	811,846
2027	645,627	611,711	1,257,338
2028	0	(471)	(471)
Total	$1,617,431	$1,722,285	$3,339,716

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 8 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2022 and December 31, 2021 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

	December 31, 2021
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 2022. 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 8 – 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 discount rate for the prior year 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	$6,926,453	$4,623,908	$2,708,595

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

NOTE 8 – 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, compared with January 1, 2021, 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
Cost of Living Adjustments	2.2 percent simple	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 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block 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 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2021 was 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	$9,173,358	$6,953,764	$5,108,618

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NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) 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 (asset) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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 (asset). Resulting adjustments to the net OPEB liability (asset) 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 (asset)* 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 9 - 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.

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

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

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. These changes are reflected in the December 31, 2020, measurement date health care valuation.

NOTE 9 - 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. Beginning in 2018, health care is not being funded.

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 portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

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 9 - 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.

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

NOTE 9 - 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 $10,392 for 2023.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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 (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	$99,282	$521,202	$620,484
Proportion of the Net OPEB Liability (Asset)-2023	0.015745%	0.073205%	
Proportion of the Net OPEB Liability (Asset)-2022	0.014629%	0.071735%	
Percentage Change	0.001116%	0.001470%	
OPEB Expense	($160,141)	$135,689	($24,452)

NOTE 9 - 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			
Changes in assumptions	$96,968	$259,736	$356,704
Differences between expected and actual experience	0	31,102	31,102
Net difference between projected and actual earnings on OPEB plan investments	197,168	44,704	241,872
Change in proportionate share	0	170,812	170,812
City contributions subsequent to the measurement date	0	10,392	10,392
Total Deferred Outflows of Resources	$294,136	$516,746	$810,882
Deferred Inflows of Resources			
Changes in assumptions	$7,979	$426,296	$434,275
Differences between expected and actual experience	24,763	102,770	127,533
Change in proportionate share	0	2,111	2,111
Total Deferred Inflows of Resources	$32,742	$531,177	$563,919

$10,392 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	$32,555	$71,554	$104,109
2025	72,107	72,005	144,112
2026	61,482	(12,435)	49,047
2027	95,250	(8,220)	87,030
2028	0	(43,256)	(43,256)
2029	0	(48,018)	(48,018)
2030	0	(54,284)	(54,284)
2031	0	(2,169)	(2,169)
Total	$261,394	($24,823)	$236,571

NOTE 9 - 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 9 - 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. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index").

NOTE 9 - 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 (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	$337,888	$99,282	($97,619)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 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 (asset)	$93,053	$99,282	$106,279

NOTE 9 - 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.

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 percent	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate	4.27 percent	2.84 percent
Cost of Living Adjustments	2.2 percent simple	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.

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

NOTE 9 - 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, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in 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 9 - 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. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent for 2022, and 7.50 percent for 2021. 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 and 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 4.27 percent for 2022 and 2.84 percent for 2021. 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	$641,807	$521,202	$419,374

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 10 – DEBT AND OTHER LONG-TERM OBLIGATIONS

Activity in Long-Term Debt and Other Long-Term Obligations in 2023 was as follows:

Interest Rate	Purpose	Maturity Date	Restated Balance December 31, 2022	Additions	Deductions	Balance December 31, 2023	Amount Due Within One Year
Governmental Activities Debt:							
General Obligation Bonds:							
1.24%	Street Improvement Refunding	2029	$1,348,000	$0	($182,000)	$1,166,000	$189,000
Installment Loan:							
3.5%	Vacuum Truck	2024	183,422	0	(90,108)	93,314	93,314
Governmental Activities Other Long-Term Obligations:							
Subscription Based Information Technology Arrangements (SBITA)			73,183	0	(22,875)	50,308	24,362
Compensated Absences			314,551	241,591	(165,273)	390,869	227,228
Total Governmental Activities			1,919,156	241,591	(460,256)	1,700,491	533,904
Business-Type Activities Debt:							
Ohio Water Development Authority Loans:							
3.34%	Wastewater Treatment Plant	2031	1,523,854	0	(157,821)	1,366,033	163,137
3.39%	Tedrow Water Supply Improvements	2024	21,070	0	(21,070)	0	0
Total Ohio Water Development Authority Loans			1,544,924	0	(178,891)	1,366,033	163,137
Ohio Public Works Commision:							
0.00%	Brunell Street Rebuild	2023	0	112,500	0	112,500	5,625
General Obligation Bonds:							
1.24%	Waterworks Improvement	2025	156,000	0	(51,000)	105,000	52,000
Business-Type Activities Other Long-Term Obligations:							
Compensated Absences			177,058	83,400	(94,623)	165,835	94,483
Total Business-Type Activities			1,877,982	195,900	(324,514)	1,749,368	315,245
Total Long-Term Obligations			$3,797,138	$437,491	($784,770)	$3,449,859	$849,149

In 2021 the City issued Street Improvement general obligation refunding bonds in the amount of $1,694,000 to refund the 2011 Street Improvement general obligation bonds. The bonds carry an interest rate of 1.24% and mature in 2029.

NOTE 10 – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

In 2021 the City received an installment loan with TCF National Bank in the amount of $366,000 for a 2020 Freightliner with a Vac-Con Combination Sewer Cleaner. The loan carries an interest rate of 3.50% and matures in 2024.

In 2010 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for improvements to the City's wastewater treatment plant. The interest rate on the loan is 3.34%, per annum. This loan is payable from wastewater charges.

In 2021 the City issued Water Improvement general obligation bonds in the amount of $206,000 for improving the municipal waterworks system. The bonds carry an interest rate of 1.24% and mature in 2025.

In 2023 the City received a loan in the amount of $112,500 from the Ohio Public Works Commission for improvements to Brunell Street. The loan carries an interest rate of 0% and matures in 2043.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023 are as follows:

	Governmental Activities			
	General Obligation Bonds		Installment Loans	
Years	Principal	Interest	Principal	Interest
2024	$189,000	$14,458	$93,314	$3,319
2025	190,000	12,114	0	0
2026	190,000	9,758	0	0
2027	196,000	7,402	0	0
2028	201,000	4,972	0	0
2029-2031	200,000	2,480	0	0
Totals	$1,166,000	$51,184	$93,314	$3,319

	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loans	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2024	$52,000	$1,302	$163,137	$44,275	$5,625	$0
2025	53,000	658	168,630	38,780	$5,625	0
2026	0	0	174,310	33,101	$5,625	0
2027	0	0	180,180	27,230	$5,625	0
2028	0	0	186,248	21,162	$5,625	0
2029-2033	0	0	493,528	24,999	28,125	0
2034-2038	0	0	0	0	28,125	0
2039-2043	0	0	0	0	28,125	0
Totals	$105,000	$1,960	$1,366,033	$189,547	$112,500	$0

The City's total debt margin was $17,117,300 at December 31, 2023. The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage.

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

NOTE 11 - 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 participates in the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2023.

Assets	$23,113,696
Liabilities	(16,078,587)
Members' Equity	$7,035,109

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

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NOTE 11 - RISK MANAGEMENT (Continued)

The City provides medical benefits to employees. The City has established a self-insurance program to account for and finance uninsured risks of loss.

The City is a collateral member of a group captive insurance program managed by Pareto Health. The captive is a licensed and regulated insurance company where employers, like the City, are owners of the captive insurance company. The captive consists of three different principal entities: the employers, the stop loss carrier, and the captive itself. The City, as the employer, obtains self-funded medical insurance through the captive. With self-funded coverage, the City chose Lucent Health as their third-party administrator (TPA), who monitors all claim payments, and a specific deductible of $75,000 for each member enrolled. Any amount over this would go towards the City's stop loss policy.

Their stop loss policy includes both specific and aggregate coverage. The specific coverage helps with catastrophic coverage for large claims, and aggregate coverage helps with the accumulation of smaller claims. The aggregate stop loss policy will help the City if they have more than 125% of expected claims. In the captive, each employer receives a unique stop loss policy.

All departments of the City participate in this captive, self-funded program and make payments based on the participation and claims of the employees and their dependents.

The claims liability of $149,500 reported at December 31, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in 2022 and 2023 were as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Year End
2022	$78,781	$808,163	($752,526)	$134,418
2023	134,418	987,086	(972,004)	149,500

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.

There has been no significant reduction in insurance coverages from coverages in the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 12 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 13 – RAW WATERLINE COST SHARING AGREEMENT

The City of Wauseon and City of Napoleon, Henry County entered into an agreement for the construction and operation of a raw water supply line from the City of Napoleon to the City of Wauseon. The City of Wauseon paid for the construction of the raw water line. Per the agreement, the City of Napoleon contributed $1,000,000 towards its share of the project in 2001. The balance of the City of Napoleon's commitment will be repaid through water credits to the City of Wauseon over a period of twenty five years.

NOTE 14 - SIGNIFICANT COMMITMENTS

At December 31, 2023 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	$27,011
State and Local Fiscal Recovery Fund	59,487
Income Tax Capital Improvement Fund	178,868
Total Governmental Funds	$265,366

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

Project	Remaining Contractual Commitment	Expected Date of Completion
Caustic Tank Removal and Replacement	$158,516	September 2024
	$158,516	

NOTE 15 – ACCOUNTABILITY

The fund deficit at December 31, 2023 of $532,126 in the Tax Increment Fund was the result of recognizing interfund loans payable on the modified accrual basis, which result in expenditures greater than those on the cash basis. A deficit does not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

NOTE 16 – 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.

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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 (asset)	0.014942%	0.014942%	0.014871%	0.014036%
City's proportionate share of the net pension liability (asset)	$1,761,466	$1,802,173	$2,575,776	$3,187,427
City's covered payroll	$1,771,000	$1,833,108	$1,849,525	$1,814,492
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.46%	98.31%	139.27%	175.67%
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 (asset)	0.034306%	0.034306%	0.045984%	0.054345%
City's proportionate share of the net pension liability (asset)	$1,670,815	$1,777,200	$2,958,215	$3,442,162
City's covered payroll	$735,191	$740,729	$968,361	$1,188,754
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	227.26%	239.93%	305.49%	289.56%
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 the required supplementary information

2018	2019	2020	2021	2022	2023
0.014008%	0.014048%	0.014404%	0.014875%	0.014734%	0.015653%
$2,197,525	$3,847,467	$2,847,052	$2,202,667	$1,281,922	$4,623,908
$1,851,115	$1,897,464	$2,026,679	$2,100,807	$2,149,329	$2,431,750
118.71%	202.77%	140.48%	104.85%	59.64%	190.15%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%

2018	2019	2020	2021	2022	2023
0.058004%	0.065034%	0.071119%	0.068864%	0.071735%	0.073205%
$3,559,993	$5,308,493	$4,790,976	$4,694,493	$4,481,587	$6,953,764
$1,279,061	$1,474,274	$1,674,605	$1,676,804	$1,806,418	$1,971,255
278.33%	360.08%	286.10%	279.97%	248.09%	352.76%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

Schedule of City's Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$219,973	$221,943	$217,739	$240,645
Contributions in relation to the contractually required contribution	219,973	221,943	217,739	240,645
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,833,108	$1,849,525	$1,814,492	$1,851,115
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	$143,264	$197,290	$247,207	$268,120
Contributions in relation to the contractually required contribution	143,264	197,290	247,207	268,120
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$740,729	$968,361	$1,188,754	$1,279,061
Contributions as a percentage of covered payroll	19.34%	20.37%	20.80%	20.96%

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 the required supplementary information

2018	2019	2020	2021	2022	2023
$265,645	$283,735	$294,113	$300,906	$340,445	$345,217
265,645	283,735	294,113	300,906	340,445	345,217
$0	$0	$0	$0	$0	$0
$1,897,464	$2,026,679	$2,100,807	$2,149,329	$2,431,750	$2,465,836
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2018	2019	2020	2021	2022	2023
$311,252	$357,377	$356,996	$387,239	$421,275	$442,421
311,252	357,377	356,996	387,239	421,275	442,421
$0	$0	$0	$0	$0	$0
$1,474,274	$1,674,605	$1,676,804	$1,806,418	$1,971,255	$2,078,317
21.11%	21.34%	21.29%	21.44%	21.37%	21.29%

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)	0.013920%	0.014002%	0.013877%
City's proportionate share of the net OPEB liability (asset)	$1,405,983	$1,520,497	$1,809,237
City's covered payroll	$1,814,492	$1,851,115	$1,897,464
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	77.49%	82.14%	95.35%
Plan fiduciary net position as a percentage of the total OPEB liability	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 (asset)	0.054345%	0.058004%	0.065034%
City's proportionate share of the net OPEB liability (asset)	$2,579,638	$3,286,449	$592,236
City's covered payroll	$1,188,754	$1,279,061	$1,474,274
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	217.00%	256.94%	40.17%
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.

See accompanying notes to the required supplementary information

2020	2021	2022	2023
0.014247%	0.014772%	0.014629%	0.015745%
$1,967,886	($263,170)	($458,195)	$99,282
$2,026,679	$2,100,807	$2,149,329	$2,431,750
97.10%	(12.53%)	(21.32%)	4.08%
47.80%	115.57%	128.23%	94.79%

2020	2021	2022	2023
0.071119%	0.068864%	0.071735%	0.073205%
$702,499	$729,623	$786,280	$521,202
$1,674,605	$1,676,804	$1,806,418	$1,971,255
41.95%	43.51%	43.53%	26.44%
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	$36,662	$36,991	$36,290	$18,511
Contributions in relation to the contractually required contribution	36,662	36,991	36,290	18,511
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,833,108	$1,849,525	$1,814,492	$1,851,115
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	$3,704	$4,842	$5,944	$6,396
Contributions in relation to the contractually required contribution	3,704	4,842	5,944	6,396
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$740,729	$968,361	$1,188,754	$1,279,061
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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 the 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
$1,897,464	$2,026,679	$2,100,807	$2,149,329	$2,431,750	$2,465,836
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2018	2019	2020	2021	2022	2023
$7,371	$8,373	$8,384	$9,032	$9,856	$10,392
7,371	8,373	8,384	9,032	9,856	10,392
$0	$0	$0	$0	$0	$0
$1,474,274	$1,674,605	$1,676,804	$1,806,418	$1,971,255	$2,078,317
0.50%	0.50%	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

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

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

NET OPEB LIABILITY (ASSET) (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%.

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

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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OHIO AUDITOR OF STATE
KEITH FABER

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

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

City of Wauseon
Fulton County
230 Clinton Street
Wauseon, Ohio 43567-2104

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wauseon, Fulton County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 7, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2024

CITY OF WAUSEON
FULTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2023-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The State Local Fiscal Recovery Fund was omitted as a major fund and was instead incorrectly reported as part of Other Governmental Funds (GASB Cod. 2200.159). The Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, and Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) Local Fiscal Recovery Fund (SLFRF) Fund have been adjusted to reflect the Local Fiscal Recovery Fund (SLFRF) Fund as a major fund. The adjustment amounts ranged from $43,684 to $468,116.

This error was not identified and corrected prior to the City preparing its basic financial statements and notes to the basic financial statements due to deficiencies in the City's internal controls over financial statement monitoring. The failure to adequately monitor the basic financial statements and notes to the basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements and notes to the basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from $11,810 to $64,909 that we have brought to the City's attention.

The City should adopt policies and procedures over financial reporting, including a final review of the basic financial statements and notes to the basic financial statements by the Finance Director and City Council, to help identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to this finding.

Mayor
Kathy Huner

City Council
Harold Stickley
Shane Chamberlin
Sarah Heising
Stephen Schneider
Jeremy Simon
Brandon Tijerina

City of Wauseon
230 Clinton Street • Wauseon, Ohio 43567

Director of Law
Thomas A. McWatters III

Director of Finance
Jamie L. Giguere

Director of Public Service
Keith Torbet

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Noncompliance with Ohio Rev. Code §§ 5709.43(A), 5705.09(E), and 5705.10(E), for failing to establish a Tax-Equivalent fund.	Fully corrected.	
2022-002	Noncompliance with Article VIII, Section 6 of the Constitution for an illegal capital contribution to purchase ownership in a private company to reinsure its stop-loss insurance policy.	Fully corrected.	

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF WAUSEON

FULTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/19/2024

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