

**CITY OF WILMINGTON, OHIO**

CLINTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023



OHIO AUDITOR OF STATE  
KEITH FABER



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

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

October 02, 2024

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## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Wilmington:

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

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter – Restatement of Opening Net Position***

As noted in Note 18 to the basic financial statements, net position as of December 31, 2022 has been restated to account for a correction of an error related to a billing / revenue recognition issue for the business-type activities. Our opinion is not modified with respect to these matters.

#### ***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.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
August 23, 2024

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Management's Discussion and Analysis  
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of the City of Wilmington's financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2023 are as follows:

- Total net position of the City increased by \$19,769,201 during 2023 due to a \$6,000,413 increase in governmental activities and a \$13,768,788 increase in business-type activities.
- General revenues account for \$17,659,953 in revenue, or 32.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$37,152,845, or 67.8% of total revenues of \$54,812,798.
- The City had \$21,528,814 in expenses related to governmental activities; \$11,605,850 of these expenses were offset by program specific charges for services, grants, or contributions. General Revenues (primarily taxes and exclusive of transfers) of \$16,780,500 and Program Revenues of \$11,605,850 were able to fully provide for these programs.
- Enterprise fund operations posted operating income of \$2,290,969. The decrease in operating income was primarily due to various increases in expenses due to rising costs for goods and services.
- The General Fund had an increase in fund balance of \$766,149, or 9.3% compared with the fund balance reported one year prior.

### **USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized to provide the reader with an overview of the City's condition as a whole and then proceed to provide a more detailed view of the City's operations.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregated view of the City's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

### **REPORTING THE CITY AS A WHOLE**

#### *Statement of Net Position and the Statement of Activities*

"How did the City of Wilmington do financially in 2023?" The broad answer to this question can be obtained with a look at the Statement of Net Position and the Statement of Activities. These statements include all assets, liabilities and deferred outflows/inflows of the City using the accrual basis of accounting, which is similar to the accounting methods used by private-sector businesses. This basis of accounting takes into account all of the current year's revenue and expenses, regardless of when the actual cash was received or paid.

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These two statements report the City's net position and the change in that net position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Other factors must then be considered, such as the City's property tax base, the condition of the streets and other capital assets, and the growth or decline in area businesses and residential neighborhoods.

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

- **Governmental Activities** – Most of the City's services are reported here and include police, fire, emergency medical, public maintenance, parks and recreation, judicial, legislative, and executive.
- **Business-Type Activities** – These services include water, sewer, and waste. Service fees for these operations are charged based upon usage. The intent is that the fees are sufficient to cover the costs of operation.

### **Reporting the City's Most Significant Funds**

#### *Fund Financial Statements*

The analysis of the City's major funds begins on page 11. Fund financial statements, beginning on page 16, provide the detailed information about those major funds. The City uses many different funds, some of which are required by law and others are used to help segregate and control revenues intended for specific purposes. The City has three kinds of funds - "governmental", "enterprise" and "fiduciary".

*Governmental Funds* – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a 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 available in the near future to finance City programs. We detail the relationship between net position of governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental fund balances in a reconciliation on pages 17 and 19.

*Enterprise Funds* – City utility services for water, sewer, and waste are operated as enterprise funds. These are business-type activities that receive a significant portion of their funding from user charges. These funds are listed under the heading of "business-type activities" on the Statement of Net Position and the Statement of Activities since they are reported in much the same manner as other business-type activities. The reader should note that these funds are a part of the "government-wide" statements, but not a part of the "governmental funds".

*Fiduciary Funds* – The fiduciary financial statements provide financial information about activities for which the City acts as the fiscal agent for the benefit of those outside the City. This financial activity is excluded from the City's other financial statements because the City cannot use these resources to finance its own operations. The City is responsible for ensuring the resources reported in these funds are used for their intended purposes.

*Notes to the Basic Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the basic financial statements begin on page 26.

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**THE CITY AS A WHOLE**

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

**Table 1**  
Net Position, December 31,

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities (Restated)	Total
<b>Assets:</b>						
Current and Other Assets	\$ 20,078,987	17,778,219	37,857,206	20,135,454	17,401,221	37,536,675
Capital Assets	34,943,130	44,960,695	79,903,825	28,414,267	32,300,092	60,714,359
Total Assets	<u>55,022,117</u>	<u>62,738,914</u>	<u>117,761,031</u>	<u>48,549,721</u>	<u>49,701,313</u>	<u>98,251,034</u>
Deferred Outflows of Resources	<u>9,018,019</u>	<u>2,358,650</u>	<u>11,376,669</u>	<u>4,252,144</u>	<u>656,290</u>	<u>4,908,434</u>
<b>Liabilities:</b>						
Current Liabilities	1,560,754	928,080	2,488,834	2,172,555	2,234,881	4,407,436
Long-term Liabilities:						
Due Within One Year	239,776	2,581,160	2,820,936	201,728	2,941,954	3,143,682
Due in More Than One Year:						
Net Pension Liability	18,914,263	4,731,252	23,645,515	8,838,131	1,382,700	10,220,831
Net OPEB Liability	1,016,913	100,868	1,117,781	1,186,136	-	1,186,136
Other Amounts Due in More Than One Year	<u>3,139,218</u>	<u>22,281,483</u>	<u>25,420,701</u>	<u>2,512,610</u>	<u>20,916,816</u>	<u>23,429,426</u>
Total Liabilities	<u>24,870,924</u>	<u>30,622,843</u>	<u>55,493,767</u>	<u>14,911,160</u>	<u>27,476,351</u>	<u>42,387,511</u>
Deferred Inflows of Resources	<u>4,291,257</u>	<u>57,239</u>	<u>4,348,496</u>	<u>9,013,163</u>	<u>2,232,558</u>	<u>11,245,721</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	32,357,559	25,352,944	57,710,503	26,511,206	13,578,230	40,089,436
Restricted	4,814,512	933,678	5,748,190	3,695,277	885,222	4,580,499
Unrestricted	(2,294,116)	8,130,860	5,836,744	(1,328,941)	6,185,242	4,856,301
Total Net Position	<u>\$ 34,877,955</u>	<u>34,417,482</u>	<u>69,295,437</u>	<u>28,877,542</u>	<u>20,648,694</u>	<u>49,526,236</u>

The net pension liability (NPL) is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) asset/liability is reported pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

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

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

The amount by which the City's assets and deferred outflows exceeded its liabilities and deferred inflows is called net position. As of December 31, 2023, the City's net position was \$69.3 million. Of this amount, \$57.7 million was invested in capital assets and \$5.7 million was subject to external restrictions for its use. At December 31, 2023, the City reported an unrestricted balance of \$5.9 million.

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In total, net position of the City increased by \$19.8 million. The governmental activities increased by \$6.0 million and business-type activities increased by \$13.8 million during 2023. Governmental activities revenue increased \$3.0 million from 2022 due primarily to a \$1.3 million increase in capital grants and contributions related to improvements, particularly for transportation, a \$990,755 increase in municipal income taxes, and a \$811,044 increase in investment income. Governmental activities expenses increased \$4.6 million or 27.2% from 2022 due to an increase of \$2.5 million in pension expenses in addition to increases in personal services among the various functions of the City. The management of the City has no control over the management of the State-wide retirement systems or the benefits offered; both of which control the net pension and OPEB asset/liabilities which significantly impacts the City's financial statements.

The increase in the business-type activities was primarily due to increases in capital contributions and a one-time tap in fee with Fayette County recorded in the Water Fund, resulting in an increase in total revenues of \$12.5 million or 90.4%. The increase in business-type activities expenses were primarily due to an increase of \$865,321 in pension expenses in addition to increases in personal services and materials and supplies among the Water, Sewer, and Waste Funds.

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

**Table 2**  
Change in Net Position, December 31,

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:					(Restated)	
Program Revenues:						
Charges for Services	\$ 2,938,770	15,141,811	18,080,581	2,839,044	13,519,717	16,358,761
Operating Grants and Contributions	2,979,216	516,292	3,495,508	2,689,129	-	2,689,129
Capital Grants and Contributions	5,687,864	9,888,892	15,576,756	4,395,732	488,358	4,884,090
General Revenues:						
Property Taxes	2,546,041	-	2,546,041	2,547,710	-	2,547,710
Service Payments	201,258	-	201,258	215,611	-	215,611
Municipal Income Taxes	12,264,196	-	12,264,196	11,273,441	-	11,273,441
Other Local Taxes	166,541	-	166,541	162,300	-	162,300
Grants and Contributions not Restricted	500,001	-	500,001	567,722	-	567,722
Investment Income	645,077	699,079	1,344,156	(165,967)	(229,705)	(395,672)
Gain on the Sale of Capital Assets	-	-	-	-	10,861	10,861
Other Revenue	457,386	180,374	637,760	824,682	89,975	914,657
Total Revenue	<u>28,386,350</u>	<u>26,426,448</u>	<u>54,812,798</u>	<u>25,349,404</u>	<u>13,879,206</u>	<u>39,228,610</u>
Expenses:						
General Government	7,231,957	-	7,231,957	5,699,409	-	5,699,409
Security of Persons & Property	8,609,601	-	8,609,601	6,791,721	-	6,791,721
Public Health and Welfare Services	1,031,254	-	1,031,254	827,732	-	827,732
Leisure Time Activities	923,057	-	923,057	967,301	-	967,301
Transportation	3,724,744	-	3,724,744	2,628,193	-	2,628,193
Water	-	6,182,600	6,182,600	-	5,348,200	5,348,200
Sewer	-	4,384,878	4,384,878	-	3,546,897	3,546,897
Waste	-	2,947,305	2,947,305	-	2,385,210	2,385,210
Interest	8,201	-	8,201	12,344	-	12,344
Total Expenses	<u>21,528,814</u>	<u>13,514,783</u>	<u>35,043,597</u>	<u>16,926,700</u>	<u>11,280,307</u>	<u>28,207,007</u>
Transfers	(857,123)	857,123	-	38,008	(38,008)	-
Increase in Net Position	6,000,413	13,768,788	19,769,201	8,460,712	2,560,891	11,021,603
Net Position, Beginning of Year, Restated	28,877,542	20,648,694	49,526,236	20,416,830	18,087,803	38,504,633
Net Position, End of Year	<u>\$ 34,877,955</u>	<u>34,417,482</u>	<u>69,295,437</u>	<u>28,877,542</u>	<u>20,648,694</u>	<u>49,526,236</u>

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***Governmental Activities***

The three functions with the largest expenditures are General Government, Security of Persons and Property, and Transportation. General Government includes all administrative activities, City Council, Municipal Court, and facility maintenance. This function costs taxpayers \$5.0 million after program revenue is accounted for. Security of Persons and Property includes Police, Fire, and Emergency Medical Services. In addition to the revenue received for charges for services, which are those fees paid by the neighboring townships for fire and ambulance service, those funds receive property tax revenues which are used to help support each of the programs. Those departments received almost \$1.0 million in property tax revenues to provide for these programs. In years for which property tax is not sufficient to cover the cost of the programs, funding is provided by transfers from the general fund. The third function, Transportation, covers the roads and streets of the City, which reported net revenue for 2023 of \$3.7 million. Although grant revenues increased \$3.0 million or 72.9% in the current year compared to the prior year, this function saw an increase in expenses of \$1.1 million or 41.7% due to additional capital projects for the year. As indicated in Table 3, total governmental expenses increased \$4.6 million or 27.2% primarily due to the significant change in pension expenses allocated for recording the net pension liability and related deferrals discussed above. The \$14.8 million in income and property taxes reported for the year is \$989,086 more than the amount reported for 2022 as City continues to see the impact of improved economic conditions in and around the City.

***Business-Type Activities***

Overall, the City's business-type activities generated \$26.4 million of revenues, which represents a 90.4% increase over the prior year. In the current year, the Water, Sewer, and Waste Funds reported increases in net position of \$2,138,806, \$10,451,344, and \$1,178,638, respectively. As discussed earlier, each enterprise fund reported increases in total revenues compared to the prior year. Additionally, each enterprise fund experienced an increase in total expenses due to increases in various personal services, contractual services, materials and supplies, and pension expenses related to the changes in the net pension liability at OPERS and change in the related deferrals.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**Table 3**  
Total and Cost of Program Services

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 7,231,957	(5,026,973)	5,699,409	(3,501,409)
Security of Persons & Property	8,609,601	(6,779,809)	6,791,721	(5,289,757)
Public Health & Welfare Services	1,031,254	(883,792)	827,732	(494,356)
Leisure Time Activities	923,057	(901,860)	967,301	535,293
Transportation	3,724,744	3,677,671	2,628,193	1,759,778
Interest Expense	8,201	(8,201)	12,344	(12,344)
Total	<u>\$ 21,528,814</u>	<u>(9,922,964)</u>	<u>16,926,700</u>	<u>(7,002,795)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	\$ 6,182,600	975,714	5,348,200	554,348
Sewer	4,384,878	10,058,155	3,546,897	1,105,855
Waste	2,947,305	1,077,928	2,385,210	1,409,088
Total	<u>\$ 13,514,783</u>	<u>12,111,797</u>	<u>11,280,307</u>	<u>3,069,291</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlement grants.

**THE CITY'S FUNDS**

The financial statements for the City's major governmental funds are presented after the statement of activities. These funds are reported using a modified accrual basis of accounting. Total governmental fund balances are \$14.2 million, of which \$8.4 million is unassigned. The total governmental funds balance of all governmental funds increased by \$2.1 million during 2023.

The General Fund balance increased by \$766,149; compared to the \$275,856 increase in fund balance reported for 2022. Total revenues reported for 2023 were \$1.6 million more than those of the prior year due primarily to the increase reported in municipal income tax. This increase can be attributed to the improved economic conditions in and around the City. Total expenditures reported by the General Fund increased 5.2% compared with those reported for 2022 due to additional personal services reported than in the prior year.

The fund balance reported in the Police Fund increased by \$160,296 from the balances reported one-year prior as the City transferred in additional funds during the year compared to the prior year to support the dispatch operations.

The fund balance reported in the Davids Drive Improvement Fund decreased by \$105,683 during 2023 due to an increase in capital outlay reported.

Total governmental fund revenues showed an increase from 2022 of \$3.9 million or 15.9%. This was primarily due to the increases reported in municipal income tax and intergovernmental revenues.

Explanation of the changes in the major enterprise funds of the City follow the same explanation as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same basis used in the City-wide statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

**General Fund Budgeting Highlights**

The General Fund's original budgeted revenues were \$17.6 million and final budgeted revenues were \$18.2 million for the year. Actual revenues were \$20.0 million for the year.

Final budgeted amounts for expenditures and other financing uses were \$23.6 million while actual budgetary expenditures and other financing uses amounted to \$20.6 million. The City deliberately utilizes conservative budgeting and spending practices in effort to limit expenditures while providing the necessary services to the City residents.

The budgetary fund balance for the General Fund at December 31, 2023 was \$7.2 million; a 6.1% increase from the amount reported one year prior. The ending budgetary fund balance amount at year end represents 34.9% of the total budgetary expenditures and other financing uses reported for 2023.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

**Table 4**  
Capital Assets

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 3,482,281	2,431,007	5,913,288	3,482,281	2,431,007	5,913,288
Infrastructure	21,446,570	9,637,950	31,084,520	5,615,228	8,023,866	13,639,094
Buildings	9,057,882	19,488,314	28,546,196	9,057,882	19,488,314	28,546,196
Improvements	5,668,571	27,922,612	33,591,183	5,108,568	27,922,612	33,031,180
Equipment	5,036,565	10,704,139	15,740,704	4,627,577	10,585,281	15,212,858
Vehicles	9,458,251	4,327,930	13,786,181	7,810,258	4,136,083	11,946,341
Construction in Progress	105,385	16,323,102	16,428,487	9,847,002	2,929,494	12,776,496
Less:						
Accumulated Depreciation	<u>(19,312,375)</u>	<u>(45,874,359)</u>	<u>(65,186,734)</u>	<u>(17,134,529)</u>	<u>(43,216,565)</u>	<u>(60,351,094)</u>
Totals	\$ <u>34,943,130</u>	<u>44,960,695</u>	<u>79,903,825</u>	<u>28,414,267</u>	<u>32,300,092</u>	<u>60,714,359</u>

The City's investment in capital assets for governmental and business-type activities as of December 31, 2023, amounts to \$79.9 million (net of accumulated depreciation). This investment in capital assets includes: land; construction in progress; buildings; improvements; machinery and equipment; infrastructure and vehicles. During the year, total capital assets, net of accumulated depreciation, increased by \$19.2 million or 31.6%. Governmental activity capital assets, net of accumulated depreciation, reflect a net increase during the year of \$6.5 million. Depreciation expense for governmental activity capital assets for the year totaled \$2.2 million. Capital assets, net of accumulated depreciation in the business-type activities increased \$12.7 million as a result of the cost of assets acquired during the year exceeding depreciation expense. See Note 8 to the basic financial statements for additional details on capital assets.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
(Unaudited)

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***Debt Administration***

At December 31, 2023, the City had total bonded debt in the amount of \$7.9 million, of which \$1.8 million is due within one year. Of the total bonded debt amount, there is \$6.8 million for mortgage revenue bonds for waterworks improvements and \$1.1 million for bond anticipation notes. The City also has outstanding amounts due on the Energy Conservation Improvement Note of \$118,597, to the Ohio Police and Fire Pension Fund of \$57,969, to Ohio Water Development Authority of \$7,981,975, and to Ohio Public Works Commission of \$3,481,152.

Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 10 1/2 percent of total assessed value of real and personal property.

See Note 12 to the basic financial statements for additional details on the long-term debt of the City.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the revenues it receives. If you have any questions regarding this report or need additional information, contact City Auditor, City of Wilmington, 69 North South Street, Wilmington, Ohio 45177.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Net Position  
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 12,668,225	\$ 15,305,698	\$ 27,973,923
Cash and Cash Equivalents in Segregated Accounts	58,045	-	58,045
Receivables:			
Taxes	5,494,587	-	5,494,587
Accounts	111,321	1,574,624	1,685,945
Loans Receivable	323,765	-	323,765
Accrued Interest	81,826	79,926	161,752
Due from Other Governments	1,225,511	-	1,225,511
Internal Balance	115,707	(115,707)	-
Restricted Assets:			
Cash and Cash Equivalents	-	933,678	933,678
Capital Assets:			
Capital Assets not subject to depreciation	3,587,666	18,754,109	22,341,775
Capital Assets, net of accumulated depreciation	31,355,464	26,206,586	57,562,050
Total Assets	<u>55,022,117</u>	<u>62,738,914</u>	<u>117,761,031</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions/OPEB	9,018,019	2,285,374	11,303,393
Deferred Amount on Refunding	-	73,276	73,276
Total Deferred Outflows of Resources	<u>9,018,019</u>	<u>2,358,650</u>	<u>11,376,669</u>
<b>LIABILITIES:</b>			
Accounts Payable	705,428	681,432	1,386,860
Accrued Wages and Benefits	463,484	153,730	617,214
Insurance Claims Payable	365,900	-	365,900
Accrued Interest Payable	659	92,918	93,577
Unearned Revenue	25,283	-	25,283
Noncurrent Liabilities:			
Due Within One Year	239,776	2,581,160	2,820,936
Due In More than One Year:			
Net Pension Liability	18,914,263	4,731,252	23,645,515
Net OPEB Liability	1,016,913	100,868	1,117,781
Other Amounts Due in More Than One Year	3,139,218	22,281,483	25,420,701
Total Liabilities	<u>24,870,924</u>	<u>30,622,843</u>	<u>55,493,767</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions/OPEB	1,726,330	57,239	1,783,569
Property Taxes	2,353,669	-	2,353,669
Tax Increment Financing	211,258	-	211,258
Total Deferred Inflows of Resources	<u>4,291,257</u>	<u>57,239</u>	<u>4,348,496</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	32,357,559	25,352,944	57,710,503
Restricted for:			
Debt Service	799	-	799
Utility Debt Service	-	933,678	933,678
Social Services	5,379	-	5,379
Public Safety	2,319,710	-	2,319,710
Road Construction / Public Works	2,046,526	-	2,046,526
Leisure Activities	285,390	-	285,390
Public Health and Welfare Services	121,708	-	121,708
Perpetual Care:			
Nonexpendable	35,000	-	35,000
Unrestricted	<u>(2,294,116)</u>	<u>8,130,860</u>	<u>5,836,744</u>
Total Net Position	<u>\$ 34,877,955</u>	<u>\$ 34,417,482</u>	<u>\$ 69,295,437</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Activities  
For the Year Ended December 31, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
Governmental Activities:							
General Government	\$ 7,231,957	\$ 2,204,984	\$ -	\$ -	\$ (5,026,973)	\$ -	\$ (5,026,973)
Security of Persons and Property	8,609,601	315,854	714,938	799,000	(6,779,809)	-	(6,779,809)
Public Health and Welfare Services	1,031,254	142,362	5,100	-	(883,792)	-	(883,792)
Leisure Time Activities	923,057	-	21,197	-	(901,860)	-	(901,860)
Transportation	3,724,744	275,570	2,237,981	4,888,864	3,677,671	-	3,677,671
Debt Service:							
Interest	8,201	-	-	-	(8,201)	-	(8,201)
Total Governmental Activities	<u>21,528,814</u>	<u>2,938,770</u>	<u>2,979,216</u>	<u>5,687,864</u>	<u>(9,922,964)</u>		<u>(9,922,964)</u>
Business-Type Activities:							
Water	6,149,045	6,592,326	465,998	66,435	-	975,714	975,714
Sewer	4,338,848	4,534,425	40,121	9,822,457	-	10,058,155	10,058,155
Waste	2,947,305	4,015,060	10,173	-	-	1,077,928	1,077,928
Total Business-Type Activities	<u>13,435,198</u>	<u>15,141,811</u>	<u>516,292</u>	<u>9,888,892</u>		<u>12,111,797</u>	<u>12,111,797</u>
<b>Total</b>	<u>\$ 34,964,012</u>	<u>\$ 18,080,581</u>	<u>\$ 3,495,508</u>	<u>\$ 15,576,756</u>	<u>(9,922,964)</u>	<u>12,111,797</u>	<u>2,188,833</u>
General Revenues:							
Municipal Income Taxes, Levied for:							
General Purposes					12,264,196	-	12,264,196
Other Local Taxes					166,541	-	166,541
Property Taxes Levied for:							
General Purposes					525,663	-	525,663
Security of Persons and Property					985,892	-	985,892
Street Lighting					245,726	-	245,726
Public Health and Welfare Services					263,155	-	263,155
Leisure Time Activities					525,605	-	525,605
Service Payments					201,258	-	201,258
Grants and Contributions not Restricted to Specific Programs					500,001	-	500,001
Investment Earnings					645,077	699,079	1,344,156
Miscellaneous					457,386	180,374	637,760
Loss on the Sale of Capital Assets					-	(79,585)	(79,585)
Transfers					(857,123)	857,123	-
Total					<u>15,923,377</u>	<u>1,656,991</u>	<u>17,580,368</u>
Change in Net Position					6,000,413	13,768,788	19,769,201
Net Position, Beginning of Year, as Restated (Note 18)					<u>28,877,542</u>	<u>20,648,694</u>	<u>49,526,236</u>
Net Position, End of Year					<u>\$ 34,877,955</u>	<u>\$ 34,417,482</u>	<u>\$ 69,295,437</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Balance Sheet  
Governmental Funds  
December 31, 2023

	General Fund	Police Fund	Davids Drive Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 7,294,320	\$ 866,741	\$ -	\$ 4,507,164	\$ 12,668,225
Cash and Cash Equivalents in Segregated Accounts	38,989	35	-	19,021	58,045
Receivables:					
Taxes	3,403,728	276,150	-	1,814,709	5,494,587
Accounts	83,631	662	-	27,028	111,321
Loans Receivable	-	-	-	323,765	323,765
Accrued Interest	78,238	-	-	3,588	81,826
Due from Other Funds	391,576	-	-	-	391,576
Due from Other Governments	230,537	9,734	-	985,240	1,225,511
	<u>\$ 11,521,019</u>	<u>\$ 1,153,322</u>	<u>\$ -</u>	<u>\$ 7,680,515</u>	<u>\$ 20,354,856</u>
Total Assets					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 199,959	\$ 197,741	\$ 105,683	\$ 202,045	\$ 705,428
Accrued Wages and Benefits	107,393	94,112	-	261,979	463,484
Insurance Claims Payable	365,900	-	-	-	365,900
Due to Other Funds	-	86,441	-	189,428	275,869
Unearned Revenue	-	-	-	25,283	25,283
	<u>673,252</u>	<u>378,294</u>	<u>105,683</u>	<u>678,735</u>	<u>1,835,964</u>
Total Liabilities					
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Taxes	544,042	264,773	-	1,544,854	2,353,669
Tax Increment Financing	-	-	-	211,258	211,258
Unavailable Resources for:					
Municipal Income Taxes	1,138,010	-	-	-	1,138,010
Delinquent Property Taxes	30,189	11,377	-	58,597	100,163
Intergovernmental	161,731	9,734	-	351,224	522,689
	<u>1,873,972</u>	<u>285,884</u>	<u>-</u>	<u>2,165,933</u>	<u>4,325,789</u>
Total Deferred Inflows of Resources					
<b>FUND BALANCES:</b>					
Nonspendable	5,668	-	-	35,000	40,668
Restricted for:					
Debt Service	-	-	-	799	799
Social Services	-	-	-	5,379	5,379
Public Safety	-	-	-	2,027,989	2,027,989
Road Construction / Public Works	-	-	-	1,796,400	1,796,400
Leisure Activities	-	-	-	264,239	264,239
Public Health and Welfare Services	-	-	-	112,434	112,434
Committed to:					
Social Services	-	-	-	682,866	682,866
Public Safety	-	489,144	-	-	489,144
Leisure Activities	-	-	-	24,828	24,828
Assigned to:					
Self Insurance	160,950	-	-	-	160,950
Other Purposes	156,395	-	-	-	156,395
Unassigned	8,650,782	-	(105,683)	(114,087)	8,431,012
	<u>8,973,795</u>	<u>489,144</u>	<u>(105,683)</u>	<u>4,835,847</u>	<u>14,193,103</u>
Total Fund Balances					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,521,019</u>	<u>\$ 1,153,322</u>	<u>\$ -</u>	<u>\$ 7,680,515</u>	<u>\$ 20,354,856</u>

See accompanying notes to the basic financial statements.

CITY OF WILMINGTON, OHIO  
 CLINTON COUNTY  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 December 31, 2023

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Total Governmental Fund Balances		\$ 14,193,103
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,943,130
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		1,760,862
The net pension and OPEB liabilities are not payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	7,810,573	
Deferred Inflows - Pension	(700,195)	
Net Pension Liability	(18,914,263)	
Deferred Outflows - OPEB	1,207,446	
Deferred Inflows - OPEB	(1,026,135)	
Net OPEB Liability	<u>(1,016,913)</u>	(12,639,487)
Other long-term liabilities not due and payable in the current period and therefore are not reported in the funds:		
Notes Payable	(663,088)	
Accrued Interest on Long-Term Debt	(659)	
Police and Fire Pension Obligations	(57,969)	
OPWC Construction Commitments	(1,922,483)	
Compensated Absences	<u>(735,454)</u>	<u>(3,379,653)</u>
Net Position of Governmental Activities		<u>\$ 34,877,955</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023

	General Fund	Police Fund	Davids Drive Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property Taxes and Other Local Taxes	\$ 540,139	\$ 259,682	\$ -	\$ 1,943,604	\$ 2,743,425
Municipal Income Taxes	12,411,569	-	-	-	12,411,569
Intergovernmental	499,080	23,768	3,791,565	4,669,571	8,983,984
Charges for Services	1,235,476	-	-	459,820	1,695,296
Licenses and Permits	81,470	-	-	-	81,470
Fees, Fines and Forfeitures	779,833	4,151	-	269,815	1,053,799
Special Assessments	108,205	-	-	245,726	353,931
Investment Income	546,792	6,211	-	92,074	645,077
Other Revenue	349,232	18,637	-	136,342	504,211
	<u>16,551,796</u>	<u>312,449</u>	<u>3,791,565</u>	<u>7,816,952</u>	<u>28,472,762</u>
Total Revenues					
<b>EXPENDITURES:</b>					
Current:					
General Government	6,310,575	-	-	247,615	6,558,190
Security of Persons and Property	-	3,661,794	-	3,311,293	6,973,087
Transportation	-	-	-	3,093,687	3,093,687
Public Health and Welfare Services	-	-	-	927,072	927,072
Leisure Time Activities	-	-	-	712,713	712,713
Capital Outlay	1,044,849	187,859	5,482,646	2,087,486	8,802,840
Debt Service:					
Principal	114,536	-	-	3,884	118,420
Interest	6,667	-	-	2,561	9,228
	<u>7,476,627</u>	<u>3,849,653</u>	<u>5,482,646</u>	<u>10,386,311</u>	<u>27,195,237</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>9,075,169</u>	<u>(3,537,204)</u>	<u>(1,691,081)</u>	<u>(2,569,359)</u>	<u>1,277,525</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from Sale of Notes	544,491	-	252,555	-	797,046
Transfers In	38,008	3,697,500	1,332,843	3,861,176	8,929,527
Transfers Out	(8,891,519)	-	-	-	(8,891,519)
	<u>(8,309,020)</u>	<u>3,697,500</u>	<u>1,585,398</u>	<u>3,861,176</u>	<u>835,054</u>
Total Other Financing Sources (Uses):					
Net Change in Fund Balance	766,149	160,296	(105,683)	1,291,817	2,112,579
Fund Balance, Beginning of Year	<u>8,207,646</u>	<u>328,848</u>	<u>-</u>	<u>3,544,030</u>	<u>12,080,524</u>
Fund Balance End of Year	<u>\$ 8,973,795</u>	<u>\$ 489,144</u>	<u>\$ (105,683)</u>	<u>\$ 4,835,847</u>	<u>\$ 14,193,103</u>

See accompanying notes to the basic financial statements.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
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

Total Change in Fund Balances - Governmental Funds \$ 2,112,579

*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 costs of those assets is allocated over their estimated useful lives as depreciation expense. Also, donated capital assets are not reported in the governmental funds as they do not provide current financial resources, however, donated capital assets are reported in the statement of net position and as capital contributions in the statement of activities. The amounts for the current period are:

Capital Outlay	8,802,840	
Donation of Capital Assets	799,000	
Transfer of Capital Assets to Enterprise Fund	(895,131)	
Depreciation	<u>(2,177,846)</u>	6,528,863

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

Property Taxes	(75,311)	
Income Taxes	(147,373)	
Intergovernmental Revenue	<u>(662,728)</u>	(885,412)

Contractually required contributions to retirement systems are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,323,599

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/OPEB asset/liability are reported as negative pension expense and negative OPEB expense in the statement of activities. (2,415,587)

Issuance of long term debt is an other financing source in the governmental funds, but in the statement of net position the issuance increases long term liabilities:

Notes Payable	(544,491)	
OPWC Construction Commitments	<u>(252,555)</u>	<u>(797,046)</u>

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 118,420

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	13,970	
Accrued Interest Payable	<u>1,027</u>	<u>14,997</u>

Change in Net Position of Governmental Activities \$ 6,000,413

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Balance Sheet  
Enterprise Funds  
December 31, 2023

	Water Fund	Sewer Fund	Waste Fund	Total
<b>ASSETS:</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 4,896,582	\$ 8,663,733	\$ 1,745,383	\$ 15,305,698
Receivables:				
Accounts Receivable	580,697	613,622	380,305	1,574,624
Accrued Interest	28,861	51,065	-	79,926
Restricted Assets:				
Cash and Cash Equivalents	933,678	-	-	933,678
Total Current Assets	<u>6,439,818</u>	<u>9,328,420</u>	<u>2,125,688</u>	<u>17,893,926</u>
Noncurrent Assets:				
Capital Assets not subject to depreciation	1,589,322	15,286,769	1,878,018	18,754,109
Capital Assets, net of accumulated depreciation	<u>17,856,829</u>	<u>3,158,113</u>	<u>5,191,644</u>	<u>26,206,586</u>
Total Noncurrent Assets	<u>19,446,151</u>	<u>18,444,882</u>	<u>7,069,662</u>	<u>44,960,695</u>
Total Assets	<u>25,885,969</u>	<u>27,773,302</u>	<u>9,195,350</u>	<u>62,854,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pensions/OPEB	935,027	808,307	542,040	2,285,374
Deferred Amount on Refunding	<u>73,276</u>	<u>-</u>	<u>-</u>	<u>73,276</u>
Total Deferred Outflows of Resources	<u>1,008,303</u>	<u>808,307</u>	<u>542,040</u>	<u>2,358,650</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 26,894,272</u>	<u>\$ 28,581,609</u>	<u>\$ 9,737,390</u>	<u>\$ 65,213,271</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 249,284	\$ 311,393	\$ 120,755	\$ 681,432
Accrued Wages and Benefits	54,595	55,366	43,769	153,730
Due to Other Funds	42,497	39,967	33,243	115,707
Accrued Compensated Absences	37,108	39,548	26,318	102,974
Accrued Interest Payable	38,487	11,792	42,639	92,918
Bond Anticipation Notes Payable	-	-	1,150,000	1,150,000
Long-Term Notes Payable - current	213,377	70,358	-	283,735
Financed Purchase from Direct Borrowing - current	227,922	-	171,529	399,451
Mortgage Revenue Bonds Payable - current	<u>645,000</u>	<u>-</u>	<u>-</u>	<u>645,000</u>
Total Current Liabilities	<u>1,508,270</u>	<u>528,424</u>	<u>1,588,253</u>	<u>3,624,947</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	111,323	118,644	78,956	308,923
Estimated Liability for Landfill Closure and Postclosure Care	-	-	4,769,719	4,769,719
Notes Payable	4,821,243	3,891,175	-	8,712,418
Financed Purchase from Direct Borrowing	1,938,137	-	23,718	1,961,855
Mortgage Revenue Bonds Payable	6,145,000	-	-	6,145,000
Accrued Bond Premium	383,568	-	-	383,568
Net Pension Liability	1,935,723	1,673,381	1,122,148	4,731,252
Net OPEB Liability	<u>41,269</u>	<u>35,675</u>	<u>23,924</u>	<u>100,868</u>
Total Noncurrent Liabilities	<u>15,376,263</u>	<u>5,718,875</u>	<u>6,018,465</u>	<u>27,113,603</u>
Total Liabilities	<u>16,884,533</u>	<u>6,247,299</u>	<u>7,606,718</u>	<u>30,738,550</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pensions/OPEB	<u>23,418</u>	<u>20,245</u>	<u>13,576</u>	<u>57,239</u>
Total Deferred Inflows of Resources	<u>23,418</u>	<u>20,245</u>	<u>13,576</u>	<u>57,239</u>
Total Liabilities and Deferred Inflows of Resources	16,907,951	6,267,544	7,620,294	30,795,789
<b>NET POSITION:</b>				
Net Investment in Capital Assets	5,145,180	14,483,349	5,724,415	25,352,944
Restricted for:				
Utility Debt Service	933,678	-	-	933,678
Unrestricted	<u>3,907,463</u>	<u>7,830,716</u>	<u>(3,607,319)</u>	<u>8,130,860</u>
Total Net Position	<u>9,986,321</u>	<u>22,314,065</u>	<u>2,117,096</u>	<u>34,417,482</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 26,894,272</u>	<u>\$ 28,581,609</u>	<u>\$ 9,737,390</u>	<u>\$ 65,213,271</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Revenues, Expenses and  
Changes in Net Position  
Enterprise Funds  
For the Year Ended December 31, 2023

	Water Fund	Sewer Fund	Waste Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 6,592,326	\$ 4,534,425	\$ 4,015,060	\$ 15,141,811
Other Revenue	<u>73,615</u>	<u>37,625</u>	<u>69,134</u>	<u>180,374</u>
Total Operating Revenues	<u>6,665,941</u>	<u>4,572,050</u>	<u>4,084,194</u>	<u>15,322,185</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	2,046,810	1,658,783	881,952	4,587,545
Contractual Services	1,821,192	923,509	1,078,665	3,823,366
Materials and Supplies	536,879	744,472	542,229	1,823,580
Depreciation	1,404,462	1,004,632	251,700	2,660,794
Closure and Postclosure Care	<u>-</u>	<u>-</u>	<u>135,931</u>	<u>135,931</u>
Total Operating Expenses	<u>5,809,343</u>	<u>4,331,396</u>	<u>2,890,477</u>	<u>13,031,216</u>
Operating Income	<u>856,598</u>	<u>240,654</u>	<u>1,193,717</u>	<u>2,290,969</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
Intergovernmental	465,998	40,121	10,173	516,292
Investment Income	256,148	407,392	35,539	699,079
Interest and Fiscal Charges	(339,702)	(7,452)	(56,828)	(403,982)
Loss on the Sale of Capital Assets	<u>(33,555)</u>	<u>(46,030)</u>	<u>-</u>	<u>(79,585)</u>
Total Non-Operating Revenues (Expenses)	<u>348,889</u>	<u>394,031</u>	<u>(11,116)</u>	<u>731,804</u>
Income Before Transfers and Capital Contributions	1,205,487	634,685	1,182,601	3,022,773
Capital Contributions	961,566	9,822,457	-	10,784,023
Transfers-Out	<u>(28,247)</u>	<u>(5,798)</u>	<u>(3,963)</u>	<u>(38,008)</u>
Change in Net Position	<u>2,138,806</u>	<u>10,451,344</u>	<u>1,178,638</u>	<u>13,768,788</u>
Net Position, Beginning of Year, as Previously Reported	8,802,242	12,561,659	938,458	22,302,359
Adjustment to Beginning Net Position (Note 18)	<u>(954,727)</u>	<u>(698,938)</u>	<u>-</u>	<u>(1,653,665)</u>
Net Position, Beginning of Year, as Restated	<u>7,847,515</u>	<u>11,862,721</u>	<u>938,458</u>	<u>20,648,694</u>
Net Position, End of Year	<u>\$ 9,986,321</u>	<u>\$ 22,314,065</u>	<u>\$ 2,117,096</u>	<u>\$ 34,417,482</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2023

	Water Fund	Sewer Fund	Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 6,592,848	\$ 4,448,746	\$ 4,049,612	\$ 15,091,206
Cash Paid as Customer Refund (Note 18)	(954,727)	(698,938)	-	(1,653,665)
Cash Paid for Employees Salaries and Benefits	(1,711,474)	(1,636,658)	(1,167,825)	(4,515,957)
Cash Paid to Suppliers	(2,179,324)	(1,518,516)	(1,600,939)	(5,298,779)
Other Operating Revenues	76,517	39,009	81,301	196,827
	<u>1,823,840</u>	<u>633,643</u>	<u>1,362,149</u>	<u>3,819,632</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Grants	465,998	40,121	10,173	516,292
Transfers	(28,247)	(5,798)	(3,963)	(38,008)
	<u>437,751</u>	<u>34,323</u>	<u>6,210</u>	<u>478,284</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital Contributions	66,435	9,822,457	-	9,888,892
Capital Expenditures	(1,081,888)	(12,336,309)	(1,087,654)	(14,505,851)
Proceeds from Notes	898,343	1,692,275	-	2,590,618
Principal on Mortgage Revenue Bonds	(615,000)	-	-	(615,000)
Issuance of Bond Anticipation Note	-	-	1,150,000	1,150,000
Principal on Bond Anticipation Note	-	-	(1,550,000)	(1,550,000)
Principal on Notes Payable	(204,068)	(67,528)	-	(271,596)
Principal on Financed Purchase from Direct Borrowing	(219,224)	-	(166,281)	(385,505)
Interest Paid	(376,215)	(8,877)	(49,854)	(434,946)
	<u>(1,531,617)</u>	<u>(897,982)</u>	<u>(1,703,789)</u>	<u>(4,133,388)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment Income	227,287	356,327	35,539	619,153
Increase (Decrease) in Cash and Cash Equivalents	957,261	126,311	(299,891)	783,681
Equity in Pooled Cash and Cash Equivalents, Beginning of Year	4,872,999	8,537,422	2,045,274	15,455,695
Equity in Pooled Cash and Cash Equivalents, End of Year	<u>\$ 5,830,260</u>	<u>\$ 8,663,733</u>	<u>\$ 1,745,383</u>	<u>\$ 16,239,376</u>
Reconciliation of Equity in Pooled Cash and Cash				
Equivalents per Statement of Net Position to Cash and Cash				
Equivalents, End of Year, per Statement of Cash Flows:				
Equity in Pooled Cash and Cash Equivalents, per Statement	\$ 4,896,582	\$ 8,663,733	\$ 1,745,383	\$ 15,305,698
of Net Position	933,678	-	-	933,678
Plus: Restricted Cash and Cash Equivalents	<u>933,678</u>	<u>-</u>	<u>-</u>	<u>933,678</u>
Cash and Cash Equivalents, End of Year, per Statement of Cash Flows	<u>\$ 5,830,260</u>	<u>\$ 8,663,733</u>	<u>\$ 1,745,383</u>	<u>\$ 16,239,376</u>

(Continued)

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2023  
(Continued)

	Water Fund	Sewer Fund	Waste Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 856,598	\$ 240,654	\$ 1,193,717	\$ 2,290,969
Adjustment to Reconcile Operating Income Net Cash Provided by Operating Activities:				
Depreciation	1,404,462	1,004,632	251,700	2,660,794
Customer Refund	(954,727)	(698,938)	-	(1,653,665)
Landfill Closure and Postclosure Costs	-	-	135,931	135,931
Change in Deferred Outflows of Resources - Pension/OPEB	(771,412)	(590,814)	(352,632)	(1,714,858)
Change in Deferred Inflows of Resources - Pension/OPEB	(825,190)	(738,729)	(611,400)	(2,175,319)
Changes in Assets and Liabilities:				
Accounts Receivable	522	(85,679)	34,552	(50,605)
Net OPEB Asset	268,616	167,034	85,111	520,761
Accounts Payable	178,747	149,465	19,955	348,167
Accrued Wages and Benefits	(7,773)	(437)	5,243	(2,967)
Due to Other Funds	2,902	1,384	12,167	16,453
Accrued Compensated Absences	(10,046)	4,597	-	(5,449)
Net Pension Liability	1,639,872	1,144,799	563,881	3,348,552
Net OPEB Liability	41,269	35,675	23,924	100,868
Net Cash Provided by Operating Activities	<u>\$ 1,823,840</u>	<u>\$ 633,643</u>	<u>\$ 1,362,149</u>	<u>\$ 3,819,632</u>
Supplemental Disclosure of Noncash Capital and related Financing Activities:				
Capital Contributions from Governmental Activities	<u>\$ 895,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,131</u>
Forgiveness of Note Payable	<u>\$ -</u>	<u>\$ 2,043,126</u>	<u>\$ -</u>	<u>\$ 2,043,126</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Fiduciary Net Position  
Custodial Fund  
December 31, 2023

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**ASSETS:**

Equity in Pooled Cash and Cash Equivalents	\$ <u>37,729</u>
Total Assets	<u>37,729</u>

**LIABILITIES:**

Due to Other Jurisdictions	<u>2,364</u>
Total Liabilities	<u>2,364</u>

**FIDUCIARY NET POSITION**

Restricted for Other Governments	<u>35,365</u>
Total Fiduciary Net Position	<u><u>\$ 35,365</u></u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Statement of Change in Fiduciary Net Position  
Custodial Fund  
For the Year Ended December 31, 2023

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**ADDITIONS:**

Fines and Forfeitures for Other Jurisdictions	\$ 958,870
Total Additions	<u>958,870</u>

**DEDUCTIONS:**

Fines and Forfeitures Distributions to Other Jurisdictions	<u>936,804</u>
Total Deductions	<u>936,804</u>

Change in Fiduciary Net Position	22,066
Fiduciary Net Position, Beginning of Year	<u>13,299</u>
Fiduciary Net Position, End of Year	<u>\$ 35,365</u>

See accompanying notes to the basic financial statements.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 1 – REPORTING ENTITY**

The City of Wilmington (the "City") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by constitutions and laws of the State of Ohio. Wilmington, the county seat, is the only City in Clinton County. It is the major commercial and marketing center in the primarily agricultural county. The City was incorporated into a Village in 1828 and was reorganized as a City in 1921 under the general plan of the General (now revised) Code of Ohio. The City operates under the council-mayor form of government.

**Reporting Entity**

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

The primary government consists of all funds and departments that are not legally separate. They provide various services including police and fire protection, emergency medical service, parks and recreation, planning zoning, street maintenance and repair, community development, public health and welfare, water, sewer and refuse collection. The City Council has direct responsibility for these activities.

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

The Clinton County Municipal Court has been included in the City's financial statements as a custodial fund. The Clerk of Courts has a fiduciary responsibility for the collection and distribution of court fees and fines.

The Clinton County General Health District is a jointly governed organization that provides health services within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The City does not have any financial interest in, or responsibility for, the Health District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers.

The Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), also a jointly governed organization, was established as a joint self-insurance pool for the purpose of enabling subscribing political subdivisions to obtain liability insurance and provide for a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as MVRMA, Inc. for the purpose of administering the Pool. There are twenty-one subscribing member cities of the self-insurance pool, including the City of Wilmington. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA and, accordingly, is not included in the financial reporting entity. See Note 13 for additional details.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Wilmington have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to avoid doubling up revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

**Fund Financial Statements**

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

**Fund Accounting**

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

**Governmental Funds**

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

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The following are the City's major governmental funds:

General Fund – This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the charter of the City.

Police Fund – This fund is used to account for restricted property taxes levied for general operations of the police department of the City.

Davids Drive Improvement Fund – This fund is used to account for the capital improvements to be completed for Davids Drive by the City.

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

**Proprietary Funds**

The proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; currently, the City has no internal service funds.

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

Water Fund – The water fund accounts for the provisions of water treatment and distribution to the residential and commercial users located within the City.

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

Waste Fund – The waste fund accounts for the collection and disposal of refuse service to the residents and commercial users located within the City.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The City's only fiduciary fund is a custodial fund used to account for municipal court collections that are distributed to various local governments. Custodial funds are used to account for assets held by the City for the benefit of and distributed to other government or organizations.

**Measurement Focus**

**Government-Wide Financial Statements**

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

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Financial Statements

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

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

**Basis of Accounting**

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

Revenues – Exchange and Non-exchange Transaction

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including local government assistance, gasoline tax and vehicle license tax), fines and forfeitures, and investment earnings.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained further in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the full accrual statement of net position. (See Notes 9 and 10)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization of certain accrued items, are not recognized in governmental funds.

**Cash and Cash Equivalents**

The provisions of the Ohio Revised Code (ORC) restrict investment procedures. Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled for investment purposes.

The City also invested funds in the State Treasury Assets Reserves of Ohio (STAR Ohio) during fiscal year 2023. 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, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2023. STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

In addition to the investment in STAR Ohio, other investments held by the City at year end include U.S agency securities, municipal bonds, and money market funds. These investments are reported at fair value, which is based on quoted market prices.

For purposes of the statement of cash flows, the proprietary fund type's portion of pooled cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from these funds without prior notice or penalty.

The City has a segregated bank account for monies held separate from the City's central bank account. This interest-bearing depository account is presented on the financial statements as "cash in segregated accounts" since it is not required to be deposited into the City treasury.

An analysis of the City's deposits and investments at year end is provided in Note 5.

**Interfund Receivables and Payables**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified on the fund statements as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables". Noncurrent portion of long-term interfund loans receivables are reported as advances and in governmental funds are offset equally by an assignment of fund balance, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

**Capital Assets**

General capital assets are those not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the respective fund financial statements with the enterprise funds capital assets being reported in the business-type activities column of the government-wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expended.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	10-99 years	10-50 years
Improvements	4-20 years	5-50 years
Equipment	5-45 years	5-50 years
Vehicles	4-30 years	5-10 years
Infrastructure:		
Sewer and Water Lines	N/A	30-45 years
Other	60 years	N/A

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Compensated Absences**

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

- The employees' rights to receive compensation are attributable to services already rendered.
- It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued based on the vesting method states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments, determined to be all employees with ten years of service or more. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, financed purchases and loans are recognized as a liability in the fund financial statements when due. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the retirement systems' fiduciary net position is not sufficient for payment of those benefits.

**Restricted Assets**

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

Restricted assets in the enterprise funds represent cash and cash equivalents, as well as investments, set aside in separate depository accounts for the repayment of revenue mortgage debt and notes payable.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance Classifications**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government through an affirmative vote of its highest level of decision making authority, the City Council, an ordinance.

Assigned – resources that are intended for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Auditor through the formal purchasing procedures.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The City applies restricted resources first when an expenditure is incurred for purposes which both restricted and unrestricted fund balance are available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charged for services for water, sewer and the solid waste collection programs. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liabilities, 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 plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated in the Statement of Activities.

Repayment from funds responsible for particular expenditures/expenses to funds that initially paid for them are not presented on the financial statements.

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

**Estimates**

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2023, the City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. This statement had no effect on beginning net position.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Any intangible asset recorded based on the implementation of GASB Statement No. 96 would have an offsetting liability, in the same amount, recorded therefore there is no effect on the beginning net position for the year.

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement had no effect on beginning net position.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 4 – ACCOUNTABILITY**

At December 31, 2023 the following individual funds reported deficit fund balances: Davids Drive Improvement (\$105,683), Hotel Lodging Excise Tax (\$31,342), Police Pension (\$42,588), and Fire Pension (\$40,157) Special Revenue Funds.

The deficit fund balance in each of these funds occurred due to the recognition of current liabilities within the funds. None of the funds reported a deficit fund balance on the budgetary basis of accounting, which is the accounting method used by the City to record transactions throughout the year. The General Fund provides operating revenues through transfers and/or advances when funds are needed on the budgetary basis.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool used by all funds. Each of the activities' portion of this pool is displayed on the Statement of Net Position as "Equity in Pooled Cash and Cash Equivalents".

Statutes require the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts. Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories. Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, and government national mortgage 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).

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**NOTE 5 – DEPOSITS AND INVESTMENTS** (Continued)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. By Ohio law, financial institutions must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Eligible securities must be pledged to the City and deposited with a qualified trustee as security for repayment whose market value at all time shall be at least 105% 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 to be 102% 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 \$6,066,426 and the bank balance was \$7,200,818. At December 31, 2023, \$6,501,410 of the City's bank balance was exposed to custodial credit risk as discussed above.

Investments

The City's investments at December 31, 2023 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			Percentage of Portfolio
			less than 1	1 to 3	3 to 5	
Money Market Funds	\$ 1,088,571	N/A	\$ 1,088,571	\$ -	\$ -	4.7%
STAR Ohio	6,700,000	AAAm	6,700,000	-	-	29.2%
Municipal Bond	48,052	AAA	48,052	-	-	0.2%
Federal National Mortgage Association	2,473,236	AA+	-	2,473,236	-	10.8%
Federal Home Loan Bank	2,052,738	AA+	1,321,489	731,249	-	8.9%
Federal Farm Credit Bank	2,700,237	AA+	541,489	1,179,347	979,401	11.8%
Federal Home Loan Mortgage Corporation	6,389,494	AA+	-	6,199,737	189,757	27.9%
US Treasury Notes	1,484,621	N/A	48,422	842,272	593,927	6.5%
Total Investments	<u>\$ 22,936,949</u>		<u>\$ 9,748,023</u>	<u>\$ 11,425,841</u>	<u>\$ 1,763,085</u>	<u>100.0%</u>

*Interest Rate Risk* – The ORC generally limits security purchases to those that mature within five years of settlement date.

*Credit Risk* – The City's investment policy restricts investments in obligations of the United States Treasury and Federal Agencies to direct obligations of the issuing entity. The City's policy requires commercial paper to have a credit rating in the highest classification established by at least two nationally recognized standard rating services and the aggregate value of the notes cannot exceed ten per cent of the outstanding commercial paper of the issuing corporation. Bankers acceptances are restricted to those insured by the federal deposit insurance corporation, are eligible for purchase by the Federal Reserve System and the obligations mature not later than one hundred eighty days after purchase.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**NOTE 5 – DEPOSITS AND INVESTMENTS** (Continued)

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 are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash Equivalents/Deposits	Investments
Per Financial Statements	\$ 29,003,375	-
Investments:		
Money Market Funds	(1,088,571)	1,088,571
STAROhio	(6,700,000)	6,700,000
Municipal Bond	(48,052)	48,052
US Government / Agency Obligations	(15,100,326)	15,100,326
Per Footnote	\$ 6,066,426	22,936,949

Fair Value Measurement

The City's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 — Investments reflect prices quoted in active markets.
- Level 2 — Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 — Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Fair Value			
Municipal Bond	\$ 48,052	\$ 48,052	\$ -	\$ -
US Government / Agency Obligations	15,100,326	15,100,326	-	-
Total Investments	\$ 15,148,378	\$ 15,148,378	\$ -	\$ -

The City's investments in STAR Ohio and mutual funds are measured at amortized cost and therefore are not classified based on the hierarchy above.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 6 – RECEIVABLES**

Receivables at December 31, 2023 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, accrued interest on investments and accounts (billing for utility services and various other charges for services). No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

**Property Taxes**

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

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance operations in the subsequent year. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all City operations for the year ended December 31, 2023 was \$9.35 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$	336,323,600
Public Utility Tangible Personal Property Assessed Valuation		<u>11,018,490</u>
Total	\$	<u><u>347,342,090</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Wilmington. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2023, and for which there is an enforceable legal claim.

In the governmental funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2023 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the full accrual basis, collectible delinquent property taxes have been recorded as revenue.

**CITY OF WILMINGTON, OHIO  
CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**NOTE 6 – RECEIVABLES** (Continued)

**Income Tax**

The City levies a 1.5% income tax on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100% of the tax to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The General Fund receives all income tax proceeds.

**Due from Other Governments**

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local government assistance	\$ 201,198
Homestead/Rollback	80,923
Gasoline tax	378,678
Transportation	522,555
Other licenses and fees	10,388
Other Grants	31,769
	<u>\$ 1,225,511</u>

**NOTE 7 - INTERFUND ACTIVITY**

Transfers are used to subsidize ongoing operations or functions of the recipient funds, as well as to pay scheduled debt service payments as they become due and are not intended to be repaid. Interfund transfers for the year ended December 31, 2023, consisted of the following:

Transfer To	Transfer From				
	General Fund	Water Fund	Sewer Fund	Waste Fund	Total
General Fund	\$ -	\$ 28,247	\$ 5,798	\$ 3,963	\$ 38,008
Police Fund	3,697,500	-	-	-	3,697,500
Dauids Drive Improvement Fund	1,332,843	-	-	-	1,332,843
Nonmajor Governmental Funds	3,861,176	-	-	-	3,861,176
Total	<u>\$ 8,891,519</u>	<u>\$ 28,247</u>	<u>\$ 5,798</u>	<u>\$ 3,963</u>	<u>\$ 8,929,527</u>

Additionally, during the year ended December 31, 2023, the City made a one-time transfer of a capital asset for \$895,131 from governmental activities to business-type activities.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 7 - INTERFUND ACTIVITY** (Continued)

Amounts due to one fund from another occurred during the year as the amounts paid from the City's various funds to the self-insurance program were not sufficient to cover the current year claims expense plus the year-end accrual for claims payable. A summary of the interfund due to and due from amounts as of December 31, 2023 is below:

	Due To
Due From	General Fund
Police Fund	\$ 86,441
Water Fund	42,497
Sewer Fund	39,967
Waste Fund	33,243
Nonmajor Governmental Funds	189,428
Total	\$ 391,576

Intentionally left blank.

**CITY OF WILMINGTON, OHIO**  
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**NOTE 8 – CAPITAL ASSETS**

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

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b><u>Governmental Activities:</u></b>				
Non-depreciable capital assets:				
Land	\$ 3,482,281	-	-	3,482,281
Construction in Progress	9,847,002	7,777,327	(17,518,944)	105,385
Non-depreciable capital assets	<u>13,329,283</u>	<u>7,777,327</u>	<u>(17,518,944)</u>	<u>3,587,666</u>
Depreciable capital assets:				
Buildings	9,057,882	-	-	9,057,882
Improvements	5,108,568	560,003	-	5,668,571
Equipment	4,627,577	408,988	-	5,036,565
Vehicles	7,810,258	1,647,993	-	9,458,251
Infrastructure	5,615,228	15,831,342	-	21,446,570
Depreciable capital assets	<u>32,219,513</u>	<u>18,448,326</u>	<u>-</u>	<u>50,667,839</u>
Less: accumulated depreciation				
Buildings	(4,406,254)	(225,874)	-	(4,632,128)
Improvements	(883,294)	(276,170)	-	(1,159,464)
Equipment	(4,136,703)	(570,840)	-	(4,707,543)
Vehicles	(6,320,914)	(671,001)	-	(6,991,915)
Infrastructure	(1,387,364)	(433,961)	-	(1,821,325)
Accumulated depreciation	<u>(17,134,529)</u>	<u>(2,177,846) *</u>	<u>-</u>	<u>(19,312,375)</u>
Depreciable capital assets, net	<u>15,084,984</u>	<u>16,270,480</u>	<u>-</u>	<u>31,355,464</u>
Governmental activities				
capital assets, net	\$ <u>28,414,267</u>	<u>24,047,807</u>	<u>(17,518,944)</u>	<u>34,943,130</u>

\* - Depreciation expense was charged to governmental functions as follows:

General Government	\$ 607,652
Security of Persons and Property	643,385
Leisure Time Activities	651,271
Transportation	218,752
Public Health and Welfare Services	56,786
	<u>2,177,846</u>
	\$ <u>2,177,846</u>

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**NOTE 8 – CAPITAL ASSETS** (Continued)

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Business-Type Activities:</b>				
Non-depreciable capital assets:				
Land	\$ 2,431,007	-	-	2,431,007
Construction in Progress	2,929,494	14,192,146	(798,538)	16,323,102
Non-depreciable capital assets	<u>5,360,501</u>	<u>14,192,146</u>	<u>(798,538)</u>	<u>18,754,109</u>
Depreciable capital assets:				
Buildings	19,488,314	-	-	19,488,314
Improvements	27,922,612	-	-	27,922,612
Infrastructure	8,023,866	1,614,084	-	9,637,950
Equipment	10,585,281	121,858	(3,000)	10,704,139
Vehicles	4,136,083	191,847	-	4,327,930
Depreciable capital assets	<u>70,156,156</u>	<u>1,927,789</u>	<u>(3,000)</u>	<u>72,080,945</u>
Less: accumulated depreciation				
Buildings	(8,555,950)	(384,134)	-	(8,940,084)
Improvements	(15,990,678)	(999,545)	-	(16,990,223)
Infrastructure	(7,508,817)	(172,303)	-	(7,681,120)
Equipment	(9,460,525)	(825,245)	3,000	(10,282,770)
Vehicles	(1,700,595)	(279,567)	-	(1,980,162)
Accumulated depreciation	<u>(43,216,565)</u>	<u>(2,660,794)</u>	<u>3,000</u>	<u>(45,874,359)</u>
Depreciable capital assets, net	<u>26,939,591</u>	<u>(733,005)</u>	<u>-</u>	<u>26,206,586</u>
Business-Type activities capital assets, net	<u>\$ 32,300,092</u>	<u>13,459,141</u>	<u>(798,538)</u>	<u>44,960,695</u>

**NOTE 9 – 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.



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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' 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.

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

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

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.

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

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	<b>State and Local</b>
<b>2023 Statutory Maximum Contribution Rates</b>	
Employer	14.0%
Employee	10.0%
<b>2023 Actual Contribution Rates</b>	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	*
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC. For 2023, the rate was 0% for the Traditional Pension Plan, 2% for the Combined Plan, and 4% for the Member-Directed Plan.

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contributions was \$948,496 for 2023.

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

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

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

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

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

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

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

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contributions to OP&F was \$725,398 for 2023.

In addition to current contributions, the City pays installments on a specific liability of the City incurred to fund their unfunded pension costs associated with police and fire services. As of December 31, 2023, the specific liability of the City is \$57,969 payable in semi-annual payments through the year 2035.

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 12,203,413	\$ 11,442,102	\$ 23,645,515
Proportion of the net pension liability			
Current measurement date	0.041311%	0.120455%	
Prior measurement date	0.039770%	0.108216%	
Change in proportionate share	<u>0.001541%</u>	<u>0.012239%</u>	
Pension expense	\$ 1,731,418	\$ 1,572,019	\$ 3,303,437

**CITY OF WILMINGTON, OHIO**  
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**NOTE 9 – 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 405,346	\$ 171,627	\$ 576,973
Net difference between projected and actual earnings on pension plan investments	3,478,357	1,665,830	5,144,187
Change in assumptions	128,920	1,032,039	1,160,959
Change in City proportionate share and difference in employers contributions	162,764	1,078,322	1,241,086
City contributions subsequent to the measurement date	<u>948,496</u>	<u>725,398</u>	<u>1,673,894</u>
Total	<u>\$ 5,123,883</u>	<u>\$ 4,673,216</u>	<u>\$ 9,797,099</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ (260,684)	\$ (260,684)
Change in assumptions	-	(223,117)	(223,117)
Change in City proportionate share and difference in employers contributions	<u>(47,839)</u>	<u>(187,102)</u>	<u>(234,941)</u>
Total	<u>\$ (47,839)</u>	<u>\$ (670,903)</u>	<u>\$ (718,742)</u>

\$1,673,894 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$ 534,621	\$ 390,565	\$ 925,186
2025	865,135	780,621	1,645,756
2026	1,023,850	879,085	1,902,935
2027	1,703,942	1,147,794	2,851,736
2028	<u>-</u>	<u>78,850</u>	<u>78,850</u>
	<u>\$ 4,127,548</u>	<u>\$ 3,276,915</u>	<u>\$ 7,404,463</u>

**CITY OF WILMINGTON, OHIO**  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OPERS**

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

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

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

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

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

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

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

***Discount Rate***

The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following chart represents the City's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability/(asset)	\$ 18,280,333	\$ 12,203,413	\$ 7,148,540

**CITY OF WILMINGTON, OHIO**  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

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

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

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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



**CITY OF WILMINGTON, OHIO**  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
	125.0%	

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

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

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50%. 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.

**CITY OF WILMINGTON, OHIO**  
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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (Continued)

***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 a discount rate of 7.50%, 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%), or one-percentage point higher (8.50%) 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	\$ 15,094,340	\$ 11,442,102	\$ 8,405,996

**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

***Net OPEB Liability/(Asset)***

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.

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

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

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

***Plan Description – OPERS***

The OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' ACFR referenced below for additional information.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

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

For the year ended December 31, 2023, OPERS did not allocate any employer contributions to postemployment health care.

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

***Plan Description – OP&F***

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

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

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

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

Funding Policy—The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5% and 24.0% of covered payroll for police and fire employer units, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

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

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

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

The City's contractually required contribution to OP&F was \$17,437 for 2023.

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

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

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

The following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 260,172	\$ 857,609	\$ 1,117,781
Proportion of the net OPEB liability			
Current measurement date	0.041263%	0.120455%	
Prior measurement date	<u>0.039472%</u>	<u>0.108216%</u>	
Change in proportionate share	<u>0.001791%</u>	<u>0.012239%</u>	
OPEB expense/(negative expense)	\$ (493,304)	\$ 53,190	\$ (440,114)

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 51,177	\$ 51,177
Net difference between projected and actual earnings on OPEB plan investments	516,709	73,557	590,266
Change in assumptions	254,116	427,386	681,502
Change in City proportionate share and difference in employers contributions	-	165,912	165,912
City contributions subsequent to the measurement date	<u>-</u>	<u>17,437</u>	<u>17,437</u>
Total	<u>\$ 770,825</u>	<u>\$ 735,469</u>	<u>\$ 1,506,294</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ (64,897)	\$ (169,103)	\$ (234,000)
Change in assumptions	(20,909)	(701,454)	(722,363)
Change in City proportionate share and difference in employers contributions	<u>(13,990)</u>	<u>(94,474)</u>	<u>(108,464)</u>
Total	<u>\$ (99,796)</u>	<u>\$ (965,031)</u>	<u>\$ (1,064,827)</u>

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

\$17,437 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	\$ 74,000	\$ (30,042)	\$ 43,958
2025	186,289	(17,825)	168,464
2026	161,127	(18,396)	142,731
2027	249,613	1,293	250,906
2028	-	(47,024)	(47,024)
Thereafter	-	(135,005)	(135,005)
	\$ 671,029	\$ (246,999)	\$ 424,030

**Actuarial Assumptions – OPERS**

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total 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 Statement No. 74:

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

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

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

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

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

***Discount Rate***

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

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the City’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (4.22%) or 1.0% point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City’s proportionate share of the net OPEB liability/(asset)	\$ 884,832	\$ 260,172	\$ (255,637)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate.***

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.



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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

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

	1% Decrease		Current Health Care Cost Trend Rate Assumption		1% Increase
City's proportionate share of the net OPEB liability	\$ 243,679	\$	260,171	\$	278,314

**Actuarial Assumptions – OP&F**

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

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

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

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

Key Methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

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

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

The long-term expected rate of return on OPEB plan investments was 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.

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalent	0.0%	0.0%
Domestic equity	18.6%	4.8%
Non-U.S. equity	12.4%	5.5%
Private markets	10.0%	7.9%
Core fixed income*	25.0%	2.5%
High yield fixed income	7.0%	4.4%
Private credit	5.0%	5.9%
U.S. inflation linked bonds*	15.0%	2.0%
Midstream energy infrastructure	5.0%	5.9%
Real assets	8.0%	5.9%
Gold	5.0%	3.6%
Private real estate	12.0%	5.3%
Commodities	2.0%	3.6%
Total	125.00%	

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

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

**Discount Rate**

Total OPEB liability was calculated using the discount rate of 4.27%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the municipal bond rate of 3.65% at December 31, 2022 was applied to periods on and after December 31, 2035, resulting in a blended discount rate of 4.27%.

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**NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS** (Continued)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.***

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.27%) and 1% point higher (5.27%) than the current discount rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$ 1,056,065	\$ 857,609	\$ 690,061

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

Compensated Absences

Each full-time employee is entitled, for each completed 80 hours of service, to four and six-tenths hours of sick leave. Fire personnel earn 6.4 hours of sick leave bi-weekly. Part-time employees accrue sick leave on a proportional basis to the hours paid each pay period. Sick leave accruals may be increased by no more than 15 days a year to a maximum of 1200 hours.

Upon qualifying for eligibility to receive retirement benefits, each full-time City employee shall be entitled to receive payment for sick leave accumulated in the amount to one-fourth the number of hours of such person's daily pay on the date of retirement. At December 31, 2023, the estimated total compensated absences payable of the City was \$1,147,351.

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**NOTE 12 – LONG-TERM OBLIGATIONS**

A schedule of changes in long-term obligations of the City during 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b><i>Governmental Activities:</i></b>					
Notes Payable	\$ 233,133	\$ -	\$ 114,536	\$ 118,597	\$ 118,597
<b><i>Direct Borrowing:</i></b>					
Police and Fire Pension	61,853	-	3,884	57,969	4,024
Notes Payable - Mulberry Street Improvements	-	544,491	-	544,491	27,224
OPWC Construction Commitments	1,669,928	252,555	-	1,922,483	-
<b><i>Other Long-Term Obligations:</i></b>					
Compensated Absences	749,424	89,931	103,901	735,454	89,931
<b>Net Pension Liability:</b>					
OPERS	2,077,449	5,394,712	-	7,472,161	-
OP&F	6,760,682	4,681,420	-	11,442,102	-
<b>Net OPEB Liability:</b>					
OPERS	-	159,304	-	159,304	-
OP&F	1,186,136	-	328,527	857,609	-
<b>Total Governmental Activities</b>	<b>\$ 12,738,605</b>	<b>\$ 11,122,413</b>	<b>\$ 550,848</b>	<b>\$ 23,310,170</b>	<b>\$ 239,776</b>
<b><i>Business-Type Activities:</i></b>					
Mortgage Revenue Bonds Payable	\$ 7,405,000	\$ -	\$ 615,000	\$ 6,790,000	\$ 645,000
Accrued Bond Premium	428,694	-	45,126	383,568	-
<b>Total Mortgage Revenue Bonds</b>	<b>7,833,694</b>	<b>-</b>	<b>660,126</b>	<b>7,173,568</b>	<b>645,000</b>
Bond Anticipation Notes	1,550,000	1,150,000	1,550,000	1,150,000	1,150,000
<b><i>Direct Borrowing:</i></b>					
Notes Payable - Sewer System	626,510	-	67,528	558,982	70,358
Notes Payable - Water Treatment Plant Improvements - 2019	3,291,195	-	169,096	3,122,099	178,406
Notes Payable - Water Treatment Plant Improvements - 2020	1,049,150	-	34,972	1,014,178	34,971
OWDA Construction Commitments	1,710,276	4,633,744	2,043,126	4,300,894	-
<b><i>Other Long-Term Obligations:</i></b>					
Financed Purchases from Direct Borrowings	2,746,811	-	385,505	2,361,306	399,451
<b>Estimated Liability for Landfill</b>					
Closure and Postclosure Care	4,633,788	135,931	-	4,769,719	-
Compensated Absences	417,346	179,459	184,908	411,897	102,974
<b>Net Pension Liability:</b>					
OPERS	1,382,700	3,348,552	-	4,731,252	-
<b>Net OPEB Liability:</b>					
OPERS	-	100,868	-	100,868	-
<b>Total Business-Type Activities</b>	<b>\$ 25,241,470</b>	<b>\$ 9,548,554</b>	<b>\$ 5,095,261</b>	<b>\$ 29,694,763</b>	<b>\$ 2,581,160</b>

During 2023, OWDA forgave construction commitments of \$2,043,126 previously recorded in the Sewer Fund.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

**NOTE 12 – LONG-TERM OBLIGATIONS** (Continued)

Bond Anticipation Notes

In April 2022, the City issued General Obligation Landfill Facility Improvement Notes in the amount of \$1,550,000 that provided funding for a portion of the costs associated with the acquisition and construction of an expansion bridge for the City’s landfill facility. The principal balance was paid in full in April 2023.

Additionally, in April of 2023, the City issued General Obligation Landfill Facility Improvement Notes in the amount of \$1,150,000 to provide funding for a portion of the costs associated with the acquisition and construction of an expansion bridge for the City’s landfill facility.

Mortgage Revenue Bonds

The City issues revenue bonds where income generated by the operation benefiting from the bonds pays the annual debt service requirements. All revenue bonds are for business-type activities and outstanding revenue bonds at December 31, 2023 are as follows:

Issue Year	Purpose	Interest Rate	Maturity Year	Issue Amount	Outstanding at Year End
2017	Waterworks System Revenue Bonds	2.00% to 4.00%	2032	\$ 10,485,000	\$ 6,790,000

The City has pledged future water revenue, net of specified operating expenses, to repay the above noted mortgage revenue bonds. These bonds are payable solely from net water revenues. Total principal and interest paid during 2023 for the Water mortgage revenue bonds was \$889,338 compared with net revenue of \$2,261,060.

Annual debt service requirements to maturity for the mortgage revenue bonds are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 645,000	\$ 249,438	\$ 894,438
2025	665,000	223,438	888,438
2026	695,000	196,538	891,538
2027	725,000	168,438	893,438
2028	755,000	139,138	894,138
2029-2032	3,305,000	260,856	3,565,856
Total	<u>\$ 6,790,000</u>	<u>\$ 1,237,846</u>	<u>\$ 8,027,846</u>

Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) Loans Payable

The City entered into a direct borrowing arrangement with the OWDA to finance improvements of the City’s sewer system infrastructure. The amount financed was \$1,250,000. The loan has a 4.15 percent interest rate and matures on July 1, 2030.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 12 – LONG-TERM OBLIGATIONS** (Continued)

The following is the annual debt service requirements to maturity, which is to be repaid through receipts collected in the Sewer fund:

Year Ending December 31	Principal	Interest	Total
2024	\$ 70,358	\$ 22,476	\$ 92,834
2025	73,309	19,525	92,834
2026	76,383	16,451	92,834
2027	79,586	13,248	92,834
2028	82,923	9,911	92,834
2029-2030	176,423	9,245	185,668
Total	<u>\$ 558,982</u>	<u>\$ 90,856</u>	<u>\$ 649,838</u>

During 2019, the City entered into a direct borrowing arrangement with the OWDA to finance water treatment plant improvements. The amount financed was \$3,568,113. The loan is noninterest-bearing and matures on January 1, 2041. The following is the annual debt service requirements to maturity, which is to be repaid through receipts collected in the Water fund:

Year Ending December 31	Total
2024	\$ 178,406
2025	178,406
2026	178,405
2027	178,406
2028	178,406
2029-2033	892,028
2034-2038	892,028
2039-2041	446,014
Total	<u>\$ 3,122,099</u>

During 2020, the City entered into a direct borrowing arrangement with the OPWC to finance water treatment plant improvements. The amount financed was \$1,049,150. The loan is noninterest-bearing and matures on July 1, 2052. The following is the annual debt service requirements to maturity, which is to be repaid through receipts collected in the Water fund:

Year Ending December 31	Total
2024	\$ 34,971
2025	34,972
2026	34,972
2027	34,971
2028	34,972
2029-2033	174,858
2034-2038	174,859
2039-2043	174,858
2044-2048	174,858
2049-2052	139,887
Total	<u>\$ 1,014,178</u>

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 12 – LONG-TERM OBLIGATIONS** (Continued)

During 2023, the City entered into a direct borrowing arrangement with the OPWC to finance Mulberry Street improvements. The amount financed was \$544,491. The loan is noninterest-bearing and matures on July 1, 2043. The following is the annual debt service requirements to maturity, which is to be repaid through the General fund:

Year Ending December 31	Total
2024	\$ 27,224
2025	27,225
2026	27,224
2027	27,225
2028	27,224
2029-2033	136,123
2034-2038	136,123
2039-2041	136,123
Total	<u>\$ 544,491</u>

During 2021, the City entered into a direct borrowing arrangement with the OWDA to finance wastewater treatment plant improvements. During 2023, the City entered into a direct borrowing arrangement with the OWDA to repay the 2021 direct borrowing arrangement in full and finance wastewater treatment plant improvements. The total amount awarded as of December 31, 2023 was \$3,402,551. During 2022, the City entered into a direct borrowing arrangement with the OPWC to finance Rombach Avenue resurfacing. The total amount awarded as of December 31, 2023 was \$1,669,928. During 2023, the City entered into a direct borrowing arrangement with the OPWC to finance Davids Drive resurfacing. The total amount awarded as of December 31, 2023 was \$252,555. During 2023, the City entered into a direct borrowing arrangement with the OWDA to finance the raw water main relocation. The total amount awarded as of December 31, 2023 was \$898,343.

As these projects are ongoing, the construction commitments as of December 31, 2023 are excluded from the amortization tables above. These amounts are reported within notes payable on the proprietary fund level statements and as non-current liabilities due in more than one year on the entity wide statements for both governmental and business-type activities.

**Police and Fire Pension Liability**

The police and fire pension obligation payable was entered into in 1997 as a direct borrowing arrangement with the OP&F, with a total principal amount financed of \$121,574. These obligations were offered to assist governments throughout the State of Ohio to fund their unfunded pension costs associated with police and fire service. This obligation is being repaid by the police and fire pension funds through the use of local property tax revenues where the proceeds are to be used to pay this pension obligation and is included within the governmental activities.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 12 – LONG-TERM OBLIGATIONS** (Continued)

Annual debt service requirements to maturity for the police and fire pension liability are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 4,024	\$ 2,421	\$ 6,445
2025	4,196	2,249	6,445
2026	4,376	2,069	6,445
2027	4,565	1,880	6,445
2028	4,760	1,685	6,445
2029-2033	27,051	5,174	32,225
2034-2035	8,997	377	9,374
Total	<u>\$ 57,969</u>	<u>\$ 15,855</u>	<u>\$ 73,824</u>

Energy Conservation Improvement Note

The direct placement Energy Conservation Improvement Note was entered into in 2009, with a total principal amount financed of \$1,353,708, maturing on October 1, 2024, with an interest rate of 5 percent. This note was issued for the purpose of funding energy conservation improvements to City buildings and facilities. During 2018, the City issued a replacement note reducing the interest rate from 5 percent to 3.5 percent effective January 1, 2018 through maturity on October 1, 2024.

Annual debt service requirements to maturity for the energy conservation improvement note is as follows.

Year Ending December 31	Principal	Interest	Total
2024	\$ 118,597	\$ 2,606	\$ 121,203

Financed Purchases from Direct Borrowings

At December 31, 2023, the City is obligated under financing agreements that are classified as financed purchases from direct borrowings.

In 2022, the City entered into a financed purchasing agreement for a garbage truck. This agreement is for a total of \$375,533 and calls for annual payments of \$129,153. The final payment under this agreement is due in April 2024.

In 2021, the City entered into a financed purchasing agreement for an excavator. This agreement is for a total of \$180,245 and calls for semi-annual payments of \$24,073. The final payment under this agreement is due in February 2025.

In 2019, the City entered into a financed purchasing agreement for water meter equipment and billing software. This agreement is for a total of \$4,416,639 and calls for annual payments of \$309,300. The final payment under this agreement is due in January 2032.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 12 – LONG-TERM OBLIGATIONS** (Continued)

The assets acquired through outstanding financed purchases from direct borrowings are shown below.

	Business-Type Activites
Improvements	\$ 3,568,113
Equipment	179,745
Vehicles	381,175
Less: Accumulated Depreciation	(1,233,265)
Total	\$ 2,895,768

The following is a schedule of the future required payments required under the financed purchases from direct borrowings.

Year Ending December 31	Principal	Interest	Total
2024	\$ 399,451	\$ 87,147	\$ 486,598
2025	260,683	72,690	333,373
2026	246,368	62,932	309,300
2027	256,142	53,158	309,300
2028	266,305	42,995	309,300
2029-2032	932,357	64,561	996,918
Total	\$ 2,361,306	\$ 383,483	\$ 2,744,789

**NOTE 13 – RISK MANAGEMENT**

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local entities. As of December 31, 2023, the pool has twenty-one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the ORC. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty-one member board of trustees, consisting of a representative appointed by each of the member entities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and professional office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 13 – RISK MANAGEMENT** (Continued)

The individual MVRMA, Inc. members are not considered "participants having equity interest" since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture.

The following is a summary of insurance coverage at year end:

General Liability	\$	12,000,000	per occurrence
Automobile		12,000,000	per occurrence
Police Professional Liability		12,000,000	per occurrence
Employment Practices & Public			
Officials Liability		12,000,000	annual aggregate
Property		1,000,000,000	per occurrence
Flood (Zone specific)		25,000,000	per occurrence
Earthquake		25,000,000	per occurrence
Boiler & Machinery		100,000,000	per occurrence
Cyber Coverage		3,000,000	annual aggregate
Pollution Liability		2,000,000	per condition

The member deductible per occurrence for most types of claims is \$2,500. The pool's self-insured retention (SIR) for liability claims is \$500,000 per occurrence. The SIR for property claims is \$2,501 - \$250,000 per occurrence. The SIR for Boiler and Machinery is \$25,000 - \$500,000 per occurrence. The SIR for Pollution Liability is \$250,000 - \$1,000,000 per pollution condition. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$500,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2023.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 3085 Woodman Drive, Suite 200, Kettering, Ohio 45420.

Workers' Compensation claims are covered under the State of Ohio Bureau of Workers' Compensation. The City participates in the Ohio Municipal League's Workers' Compensation Group Rating Program to benefit from the shared risk of a pooled group. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on the group's accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

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

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 13 – RISK MANAGEMENT** (Continued)

Self-Insured Health Insurance

Beginning in 2009, the City provides health, dental and vision insurance coverage for its employees through a self-insurance plan administered by UMR. UMR provides claims review and processing services. This program is accounted for in the General Fund and is funded through premium contributions provided by the City as well as a portion from City employees. Program year runs from April 1 through March 31 of each year. Stop loss insurance is purchased through UMR to cover loss in excess of \$110,000 per subscriber or \$4,662,654 in aggregate for the plan year ended March 31, 2023. The City expects that all claims will be settled within one year.

Changes in claims activity for employee health insurance benefits for the past two fiscal years are as follows:

<u>Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Current Year Claim Payments</u>	<u>Ending Balance</u>
2023	\$ 343,400	3,366,315	3,343,815	365,900
2022	\$ 332,700	3,138,447	3,127,747	343,400

**NOTE 14 – CONTINGENT LIABILITIES**

Litigation

The City is a defendant in various lawsuits and subject to various claims over which litigation has not yet commenced. Although the outcomes of these matters are not presently determinable, in the opinion of management and the law director, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants

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

Other

The City has incurred certain asset retirement obligations related to the operation of its waste water utility system. The estimated liability of the legally required closure costs for the waste water utility system cannot be reasonably estimated as of December 31, 2023.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 15 – COMMITMENTS**

Encumbrances

At December 31, 2023, the City had the following amounts encumbered for purchase obligations:

Fund	Year-End Encumbrances
General Fund	\$ 116,388
Police Fund	444,747
Non-major Governmental Funds	604,908
Total	\$ 1,166,043

**NOTE 16 - LANDFILL CLOSURE AND POST-CLOSURE CARE COST**

State and federal laws and regulations require that the City place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City is required by generally accepted accounting principles to report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The City is required by state and federal laws and regulations to prove financial assurance to finance closure and post-closure care. The \$4,769,719 reported as landfill closure and post-closure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill prior to vertical expansion and the additional capacity gained by phase III of the vertical expansion and the Northwest Expansion Modification approved by the Ohio EPA in December of 2020. The sum of current final closure, post-closure and/or corrective measures cost estimates is \$8,572,526. The Ohio Environmental Protection Agency has established certain rules applicable to the City, requiring that the permittee of a Solid Waste Disposal Facility ensure adequate funds will be available when needed for final closure and/or post-closure care of the facility. The City has elected to provide a letter from the Chief Financial Officer, as specified in paragraph (F) of Rule 3745-27-15 or in paragraph (F) of Rule 3745-27-16 of the Ohio Administrative Code as the mechanism to demonstrate the City's Financial Assurance as specified in Chapter 3745-27 of the Ohio Administrative Code.

**NOTE 17 – SUBSEQUENT EVENTS**

In April of 2024, the City issued General Obligation Landfill Improvement Notes in the amount of \$650,000 to provide funding for a portion of the costs associated with the acquisition and construction of an expansion bridge for the City's landfill facility.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023

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**NOTE 18 – RESTATEMENT OF NET POSITION**

During 2023, the City discovered that a specific customer of water and sewer services had been overbilled over the course of several years due to an incorrect factory setting on a new meter. As a result, the City issued a refund of \$1,836,960 to the customer for the overbillings. Of the \$1,836,960 total refund, \$183,295 related to 2023 overbillings and was recorded as a reduction of Charges for Services on the Statement of Revenues, Expenses, and Changes in Net Position, while \$1,653,665 related to prior years and was recorded as a restatement of beginning net position.

To correct for the issue noted above, the City restated the Water and Sewer Funds' beginning net position on the Statement of Revenues, Expenses, and Changes in Net Position from the \$8,802,242 and \$12,561,659 previously reported to \$7,847,515 and \$12,561,659 on January 1, 2023, all respectively.

	<u>Business-Type Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position at December 31, 2022, previously reported	\$ 22,302,359	\$ 8,802,242	\$ 12,561,659
Adjustments:			
Correction of overbilled charges for services in prior years	<u>(1,653,665)</u>	<u>(954,727)</u>	<u>(698,938)</u>
Net Position at December 31, 2022, restated	<u>\$ 20,648,694</u>	<u>\$ 7,847,515</u>	<u>\$ 11,862,721</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WILMINGTON  
CLINTON COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.041663%	\$ 4,911,525	\$ 4,926,883	99.69%	86.36%
2015	0.041663%	5,025,136	5,107,958	98.38%	86.45%
2016	0.042478%	7,357,807	5,315,675	138.42%	81.08%
2017	0.041101%	9,333,340	5,313,650	175.65%	77.25%
2018	0.039808%	6,245,040	5,261,038	118.70%	84.66%
2019	0.041341%	11,322,483	5,584,021	202.77%	74.70%
2020	0.041798%	8,261,622	5,880,900	140.48%	82.17%
2021	0.041120%	6,088,976	5,788,521	105.19%	86.88%
2022	0.039770%	3,460,149	5,775,114	59.91%	92.62%
2023	0.041311%	12,203,413	6,403,743	190.57%	75.74%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 612,955	\$ (612,955)	\$ -	\$ 5,107,958	12.00%
2015	637,881	(637,881)	-	5,315,675	12.00%
2016	637,638	(637,638)	-	5,313,650	12.00%
2017	683,935	(683,935)	-	5,261,038	13.00%
2018	781,763	(781,763)	-	5,584,021	14.00%
2019	823,326	(823,326)	-	5,880,900	14.00%
2020	810,393	(810,393)	-	5,788,521	14.00%
2021	808,516	(808,516)	-	5,775,114	14.00%
2022	896,524	(896,524)	-	6,403,743	14.00%
2023	948,496	(948,496)	-	6,774,971	14.00%

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

See Notes to Required Supplementary Information.



**CITY OF WILMINGTON  
CLINTON COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE PENSION FUND

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.107624%	\$ 5,241,636	\$ 2,500,867	209.59%	73.00%
2015	0.107624%	5,575,382	2,212,181	252.03%	71.71%
2016	0.101192%	6,509,754	2,341,055	278.07%	66.77%
2017	0.112278%	7,111,575	2,368,651	300.24%	68.36%
2018	0.106635%	6,544,659	2,438,706	268.37%	70.91%
2019	0.106868%	8,723,214	2,559,343	340.84%	63.07%
2020	0.099356%	6,693,177	2,487,875	269.03%	69.89%
2021	0.098221%	6,695,781	2,505,475	267.25%	70.65%
2022	0.108216%	6,760,682	3,101,180	218.00%	75.03%
2023	0.120455%	11,442,102	3,007,651	380.43%	62.90%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 450,400	\$ (450,400)	\$ -	\$ 2,212,181	20.36%
2015	470,318	(470,318)	-	2,341,055	20.09%
2016	475,862	(475,862)	-	2,368,651	20.09%
2017	489,936	(489,936)	-	2,438,706	20.09%
2018	514,172	(514,172)	-	2,559,343	20.09%
2019	499,814	(499,814)	-	2,487,875	20.09%
2020	503,350	(503,350)	-	2,505,475	20.09%
2021	623,027	(623,027)	-	3,101,180	20.09%
2022	604,237	(604,237)	-	3,007,651	20.09%
2023	725,398	(725,398)	-	3,610,742	20.09%

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

See Notes to Required Supplementary Information.

**CITY OF WILMINGTON  
CLINTON COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY/(ASSET) AND CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.039650%	\$ 4,004,811	\$ 5,313,650	75.37%	54.05%
2018	0.038777%	4,210,926	5,261,038	80.04%	54.14%
2019	0.040058%	5,222,671	5,584,021	93.53%	46.33%
2020	0.040797%	5,635,187	5,880,900	95.82%	47.80%
2021	0.040122%	(714,814)	5,788,521	-12.35%	115.57%
2022	0.039472%	(1,236,326)	5,775,114	-21.41%	128.23%
2023	0.041263%	260,172	6,403,743	4.06%	94.79%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 109,800	\$ (109,800)	\$ -	\$ 5,315,675	2.07%
2016	109,579	(109,579)	-	5,313,650	2.06%
2017	54,931	(54,931)	-	5,261,038	1.00%
2018	-	-	-	5,584,021	0.00%
2019	-	-	-	5,880,900	0.00%
2020	-	-	-	5,788,521	0.00%
2021	-	-	-	5,775,114	0.00%
2022	-	-	-	6,403,743	0.00%
2023	-	-	-	6,774,971	0.00%

- (1) Information prior to 2017 is not available. The City will continue to present for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.
- (3) Information prior to 2015 is not available. The City will continue to present for years available until a full ten-year trend is compiled.

See Notes to Required Supplementary Information.

**CITY OF WILMINGTON  
CLINTON COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY AND CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE PENSION PLAN

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.112278%	\$ 5,329,584	\$ 2,368,651	225.01%	15.96%
2018	0.106635%	6,041,778	2,438,706	247.75%	14.13%
2019	0.106868%	973,193	2,559,343	38.03%	46.57%
2020	0.099356%	981,416	2,487,875	39.45%	47.08%
2021	0.098221%	1,040,662	2,505,475	41.54%	45.42%
2022	0.108216%	1,186,136	3,101,180	38.25%	46.86%
2023	0.120455%	857,609	3,007,651	28.51%	52.59%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 11,309	\$ (11,309)	\$ -	\$ 2,341,055	0.48%
2016	11,520	(11,520)	-	2,368,651	0.49%
2017	11,731	(11,731)	-	2,438,706	0.48%
2018	12,324	(12,324)	-	2,559,343	0.48%
2019	11,893	(11,893)	-	2,487,875	0.48%
2020	11,973	(11,973)	-	2,505,475	0.48%
2021	14,941	(14,941)	-	3,101,180	0.48%
2022	14,373	(14,373)	-	3,007,651	0.48%
2023	17,437	(17,437)	-	3,610,742	0.48%

- (1) Information prior to 2017 is not available. The City will continue to present for years available until a full ten-year trend is compiled.
- (2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.
- (3) Information prior to 2015 is not available. The City will continue to present for years available until a full ten-year trend is compiled.

See Notes to Required Supplementary Information.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 11,278,160	11,278,160	12,675,854	1,397,694
Special Assessments	67,600	67,600	87,584	19,984
Licenses and Permits	74,200	74,200	83,464	9,264
Intergovernmental	457,572	457,572	503,480	45,908
Charges for Services	1,262,450	1,262,450	1,256,415	(6,035)
Investment Income	60,000	60,000	341,770	281,770
Fees, Fines and Forfeitures	497,850	497,850	761,562	263,712
Other Revenue	<u>3,860,612</u>	<u>4,460,612</u>	<u>4,295,252</u>	<u>(165,360)</u>
Total Revenues	<u>17,558,444</u>	<u>18,158,444</u>	<u>20,005,381</u>	<u>1,846,937</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	10,421,593	11,073,649	10,162,301	911,348
Capital Outlay	<u>226,000</u>	<u>946,743</u>	<u>773,766</u>	<u>172,977</u>
Total Expenditures	<u>10,647,593</u>	<u>12,020,392</u>	<u>10,936,067</u>	<u>1,084,325</u>
Excess Revenues Over Expenditures	<u>6,910,851</u>	<u>6,138,052</u>	<u>9,069,314</u>	<u>2,931,262</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Advances-Out	-	(95,668)	(95,668)	-
Transfers-Out	<u>(8,477,224)</u>	<u>(11,464,831)</u>	<u>(9,562,201)</u>	<u>1,902,630</u>
Total Other Financing Sources (Uses)	<u>(8,477,224)</u>	<u>(11,560,499)</u>	<u>(9,657,869)</u>	<u>1,902,630</u>
Net Change in Fund Balance	(1,566,373)	(5,422,447)	(588,555)	4,833,892
Fund Balance, Beginning of Year	6,775,583	6,775,583	6,775,583	-
Prior Year Encumbrances Appropriated	<u>1,003,834</u>	<u>1,003,834</u>	<u>1,003,834</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,213,044</u>	<u>2,356,970</u>	<u>7,190,862</u>	<u>4,833,892</u>

See accompanying notes to the required supplementary information.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
Police Fund  
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 261,589	261,589	259,682	(1,907)
Intergovernmental	22,000	22,000	23,768	1,768
Fees, Fines and Forfeitures	4,950	4,950	4,123	(827)
Other Revenue	<u>-</u>	<u>-</u>	<u>17,974</u>	<u>17,974</u>
Total Revenues	<u>288,539</u>	<u>288,539</u>	<u>305,547</u>	<u>17,008</u>
<b>EXPENDITURES:</b>				
Current:				
Security of Persons & Property	4,641,541	4,551,418	4,049,315	502,103
Capital Outlay	<u>-</u>	<u>263,232</u>	<u>82,474</u>	<u>180,758</u>
Total Expenditures	<u>4,641,541</u>	<u>4,814,650</u>	<u>4,131,789</u>	<u>682,861</u>
Deficit Revenues Under Expenditures	<u>(4,353,002)</u>	<u>(4,526,111)</u>	<u>(3,826,242)</u>	<u>699,869</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers-In	<u>4,405,000</u>	<u>4,405,000</u>	<u>3,697,500</u>	<u>(707,500)</u>
Total Other Financing Sources	<u>4,405,000</u>	<u>4,405,000</u>	<u>3,697,500</u>	<u>(707,500)</u>
Net Change in Fund Balance	51,998	(121,111)	(128,742)	(7,631)
Fund Balance, Beginning of Year	394,459	394,459	394,459	-
Prior Year Encumbrances Appropriated	<u>163,285</u>	<u>163,285</u>	<u>163,285</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 609,742</u>	<u>436,633</u>	<u>429,002</u>	<u>(7,631)</u>

See accompanying notes to the required supplementary information.

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Notes to Pension Information**

*Changes of Benefit Terms*

There have been no changes in benefit terms.

*Changes of Assumptions*

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

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

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

**Notes to OPEB Information**

*Changes of Benefit Terms*

There have been no changes in benefit terms.

*Changes of Assumptions*

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

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

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

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

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

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

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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**OHIO POLICE AND FIRE PENSION FUND**

**Notes to Pension Information**

*Changes of Benefit Terms*

There have been no changes in benefit terms.

*Changes of Assumptions*

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

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

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

**Notes to OPEB Information**

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

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

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

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

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

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

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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Budgets and Budgetary Accounting

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, certificate of estimated resources, and 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 with the legal restriction that appropriation cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department for each fund. Budgetary modification may be made only by ordinance of the City Council.

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City of Wilmington's (the City) budget for all legislated funds are prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from generally accepted accounting principles (GAAP) used for the City's year-end basic financial statements. Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis however, recognizes revenue only when cash has been received. In the basic financial statements, expenditures are generally recognized in the period in which they are incurred. Under that budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and revises estimated revenues. The commission certifies its actions to the City by September 1. As part of this certification, the City receives the official 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 year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2023.



**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance controls expenditures at the fund, departmental, and object level and may be amended or supplemented only by council during the year as required. During the year, several supplemental appropriation measures were legally passed. The budget figures, which appear in the statements of budgetary comparison, represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances are included as part of the appropriate fund balance within governmental funds.

Lapsing of Appropriations

At the close of each 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 succeeding fiscal year and need not be reappropriated.

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Schedules of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), The General Fund, Police Fund and Davids Drive Improvement Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual or earned (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a component of fund balances (GAAP basis).

**CITY OF WILMINGTON, OHIO**  
**CLINTON COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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

Changes in Fund Balances

	General Fund	Police Fund
	<u>          </u>	<u>          </u>
GAAP Basis	\$ 766,149	160,296
Revenue Accruals	2,921,416	(6,902)
Expenditure Accruals	(3,343,052)	162,611
Transfers	(804,358)	-
Encumbrances	(116,388)	(444,747)
Other Funds Legally Budgeted Separately	<u>(12,322)</u>	<u>-</u>
Budget Basis	\$ <u><u>(588,555)</u></u>	<u><u>(128,742)</u></u>

**CITY OF WILMINGTON, OHIO**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> <b>Program / Cluster Title</b>	<b>Pass-Through Entity Number</b>	<b>Federal Assistance Listing Number</b>	<b>Total Federal Expenditures</b>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Design and Construction Assistance	N/A	12.XXX	\$ 924,995
Total U.S. Department of Defense			<u>924,995</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>(Passed through Ohio Department of Transportation):</i>			
Formula Grants for Rural Areas and Tribal Transit Program:			
Operating	RPTF-4124-005-231	20.509	217,596
Operating	RPTF-4124-025-231	20.509	436,412
Capitalized Maintenance	RPTM-0124-005-232	20.509	30,000
Capitalized Maintenance	RPTM-0124-025-232	20.509	90,000
CARES - Capital	CARE-0124-064-(201-204)	20.509	<u>235,228</u>
Total Formula Grants for Rural Areas and Tribal Transit Program:			<u>1,009,236</u>
Federal Transit Cluster:			
Bus and Bus Facilities Formula & Discretionary Programs	BABF-0124-010-231	20.526	<u>114,042</u>
Total Federal Transit Cluster:			<u>114,042</u>
Total U.S. Department of Transportation			<u>1,123,278</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	309,062
<i>(Passed through Ohio Department of Public Safety):</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	DPSSF270	21.027	253,995
<i>(Passed through Ohio Department of Development):</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	<u>4,847,462</u>
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>5,410,519</u>
Total U.S. Department of the Treasury			<u>5,410,519</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Staffing for Adequate Fire and Emergency Response (SAFER)	N/A	97.083	<u>4,863</u>
Total U.S. Department of Homeland Security			<u>4,863</u>
Total Expenditures of Federal Awards			\$ <u>7,463,655</u>

**CITY OF WILMINGTON, OHIO**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

### **INDEPENDENT AUDITORS' REPORT**

City Council  
City of Wilmington, Ohio  
69 North South Street  
Wilmington, Ohio 45177

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 Wilmington, 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 August 23, 2024, wherein our report on the financial statements includes an emphasis-of-matter paragraph describing a restatement of opening net position discussed in Note 18 to the basic financial statements.

### **Report on Internal Control Over Financial Reporting**

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

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

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

### **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*.

#### **City of Wilmington's Response to Findings**

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

#### **Purpose of this Report**

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
August 23, 2024

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

City Council  
City of Wilmington, Ohio  
69 North South Street  
Wilmington, Ohio 45177

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control Over Compliance**

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



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

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

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
August 23, 2024

**City of Wilmington  
 Schedule of Findings and Questioned Costs  
 December 31, 2023**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weakness(es)?	yes
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weakness(es)?	none reported
Type of auditors’ report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
ALN 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	
ALN 12.XXX – Design and Construction Assistance	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II – Financial Statement Findings**

**2023-001: Restatement of Net Position**

*Condition:* During 2023, Management identified an issue with the billing of a specific water and sewer customer. The issue was not initially detected by the City’s internal control over financial reporting.

*Criteria:* Management is responsible for the preparation and fair presentation of the financial statements which are free from misstatements, whether due to fraud or error. An entity’s internal control should be designed to prevent or detect material misstatements in the financial statement assertions. Performing timely and accurate reviews of the financial statements is a key element to maintaining an effective system of internal controls.

**City of Wilmington**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2023**  
*(continued)*

*Effect:* A restatement of opening net position of \$1,653,665 was required. A refund of \$1,836,960 to the identified customer of water and sewer service was required to correct the billing issue.

*Cause:* An incorrect factory setting on a newly installed water and sewer meter (for one specific customer) originally put in place in 2017 generated overbillings for the water and sewer funds, respectively.

*Recommendation:* We recommend the City enhance its internal controls over customer billing and financial reporting. Additional procedures such as a secondary review of meter settings for the City's largest customers should be considered along with the continuation of reasonableness reviews over billing and collection information.

*Views of Responsible Officials:* Management concurs with the finding and has prepared a corrective action plan to address the finding.

**Section III – Federal Awards Findings and Questioned Costs**

None Noted



69 North South Street, Wilmington, Ohio 45177  
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*Office of the City Auditor*

*City Auditor*

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mvance@wilmingtonoh.org

*Deputy Auditor*

Donyel Riley  
(937) 382-6604  
driley@wilmingtonoh.org

**City of Wilmington  
Schedule of Prior Audit Findings  
Year Ended December 31, 2023**

**2022-001 Reporting – Coronavirus State and Local Fiscal Recovery Funds**

The City had multiple errors in the accuracy of the amounts reported on the quarterly project and expenditure report and the report was submitted after the required submission deadline of April 30, 2022.

**Status:** Corrected.



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 driley@wilmingtonoh.org

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**December 31, 2023**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion</b>	<b>Responsible Contact Person</b>
<b>2023-001</b>	Restatement of Opening Net Position: The reporting errors have been corrected as part of the 2023 financial statements  Meter usage reviews have been implemented by the city to include checking meters when they are installed to ensure that they are properly calibrated with additional oversight checking meter settings with regard to gallons vs. cubic feet. Additionally, the billing office has worked with personnel monitoring water usage.	Immediately	Mary Kay Vance, City Auditor

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF WILMINGTON**

**CLINTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/15/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)