CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF MOUNT VERNON, OHIO

KNOX COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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City Council
City of Mount Vernon
40 Public Square
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditors' Report* of the City of Mount Vernon, Knox 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery - Termination Overpayment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under the color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl Preparatory School,* 128 Ohio St. 3d 50 (2010).

On November 22, 2023, the Safety Service Director for the City of Mount Vernon, Knox County issued a termination notice to Darren Tyson, effective December 2, 2023. Within this notice, Mr. Tyson was requested to work with the City Auditor regarding a final payout of accrued vacation leave but was notified any remaining accrued sick leave time was transferable to another public government employer. An option for payout of accrued sick leave was not provided. According to the City's policy manual, Policy E (6) Sick leave, indicates termination for just cause as an exception where sick leave payout option is not available.

On December 15, 2023, Mr. Tyson received a payout of $17,985.96 which included 217.85 hours of accrued vacation time and 479.01 hours of accrued sick leave. As described in the paragraph above, Mr. Tyson was not authorized to receive a payout of accrued sick leave. As a result, Mr. Tyson received an overpayment of $12,363.25.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Darren Tyson, and former City Auditor, Terry Scott. and his bonding company, Liberty Mutual Surety, jointly and severally, in the amount of $12,363.25, and in favor of City of Mount Vernon, General Fund.

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 Mount Vernon is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 05, 2025

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Mount Vernon, Ohio:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Municipal Income Tax #1 ½% Fund, Municipal Income Tax #2 ½% Fund, Community Development Block Grant Fund and Local Coronavirus Relief Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of Error

As discussed in Note 2 to the financial statements, the City restated beginning net position in the Sewer and Stormwater Fund. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are 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 December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
December 13, 2024

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2023 are as follows:

- In total, net position increased $8,398,378. Net position of governmental activities increased $5,207,536 which represents a 9.30% increase from 2022. Net position of business-type activities increased $3,190,842 from 2022, which represents a 9.03% increase.

- General revenues accounted for $25,222,650 in revenue or 57.20% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $18,876,211 or 42.80% of total revenues of $44,098,861.

- The City had $27,328,694 in expenses related to governmental activities; only $7,313,580 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues of $20,015,114 provided for these programs.

- Among major funds, the general fund had $11,623,328 in revenues and other financing sources and $9,199,551 in expenditures and other financing uses. The general fund's fund balance increased from $5,314,852 to $7,738,629.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining and individual statements and schedules* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

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

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

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

Government-wide Statements

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

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

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

- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

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

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

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer funds are reported as business-type activities.

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General Fund, the Municipal Income Tax ½% (Voted) Fund, the Municipal Income Tax ½% #2 (Voted) Fund, the Community Development Block Grant Fund, the Local Coronavirus Relief Fund, the General Bond Retirement Fund, the Capital Improvement Fund, the TIF District-Coshocton Road Fund, and the Roads and Bridges Capital Improvement Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Water funds, all of which are considered major funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$33,323,550	$28,903,576	$12,739,556	$11,569,076	$46,063,106	$40,472,652
Net OPEB asset	0	743,280	0	346,960	0	1,090,240
Capital assets, Net	58,894,655	58,500,347	34,156,266	33,165,929	93,050,921	91,666,276
Total assets	92,218,205	88,147,203	46,895,822	45,081,965	139,114,027	133,229,168
Deferred outflows of resources	10,395,760	5,941,334	1,889,567	535,389	12,285,327	6,476,723
Long-term liabilities outstanding	6,282,028	7,090,556	6,133,652	6,969,585	12,415,680	14,060,141
Net pension liability	25,240,400	14,085,900	3,472,878	926,258	28,713,278	15,012,158
Net OPEB liability	1,544,413	2,123,181	76,028	0	1,620,441	2,123,181
Other liabilities	2,731,186	3,710,057	546,695	815,383	3,277,881	4,525,440
Total liabilities	35,798,027	27,009,694	10,229,253	8,711,226	46,027,280	35,720,920
Deferred inflows of resources	5,583,282	11,053,723	25,074	1,565,908	5,608,356	12,619,631
Net position:						
Net investment in capital assets	55,734,285	53,042,998	28,169,163	26,234,302	83,903,448	79,277,300
Restricted	16,645,410	12,575,973	0	854,448	16,645,410	13,430,421
Unrestricted (Deficit)	(11,147,039)	(9,593,851)	10,361,899	8,251,470	(785,140)	(1,342,381)
Total net position	$61,232,656	$56,025,120	$38,531,062	$35,340,220	$99,763,718	$91,365,340

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

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

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	$4,451,980	$4,219,439	$11,562,631	$9,944,192	$16,014,611	$14,163,631
Operating Grants and Contributions	2,669,974	1,864,135	0	0	2,669,974	1,864,135
Capital Grants and Contributions	191,626	347,174	0	0	191,626	347,174
Total Program Revenues	7,313,580	6,430,748	11,562,631	9,944,192	18,876,211	16,374,940
General Revenues:						
Property Taxes	2,749,682	2,606,377	0	0	2,749,682	2,606,377
Income Taxes	20,290,751	16,948,453	0	0	20,290,751	16,948,453
Other Local Taxes	179,166	169,952	0	0	179,166	169,952
Intergovernmental Revenues, Unrestricted	516,093	507,409	0	0	516,093	507,409
Investment Earnings	784,236	252,846	0	518	784,236	253,364
Miscellaneous	702,722	1,070,123	0	0	702,722	1,070,123
Total General Revenues	25,222,650	21,555,160	0	518	25,222,650	21,555,678
Total Revenues	32,536,230	27,985,908	11,562,631	9,944,710	44,098,861	37,930,618
Program Expenses						
Security of Persons and Property	12,178,642	9,014,949	0	0	12,178,642	9,014,949
Public Health and Welfare Services	550,505	398,776	0	0	550,505	398,776
Leisure Time Activities	1,252,522	1,228,307	0	0	1,252,522	1,228,307
Community Environment	682,141	415,055	0	0	682,141	415,055
Transportation	4,411,858	3,585,920	0	0	4,411,858	3,585,920
General Government	8,047,565	8,259,017	0	0	8,047,565	8,259,017
Interest and Fiscal Charges	205,461	180,503	0	0	205,461	180,503
Water	0	0	3,912,461	4,101,500	3,912,461	4,101,500
Sewer	0	0	4,018,310	3,347,719	4,018,310	3,347,719
Storm Water	0	0	441,018	251,452	441,018	251,452
Total Expenses	27,328,694	23,082,527	8,371,789	7,700,671	35,700,483	30,783,198
Total Change in Net Position	5,207,536	4,903,381	3,190,842	2,244,039	8,398,378	7,147,420
Beginning Net Position	56,025,120	51,121,739	35,340,220	33,096,181	91,365,340	84,217,920
Ending Net Position	$61,232,656	$56,025,120	$38,531,062	$35,340,220	$99,763,718	$91,365,340

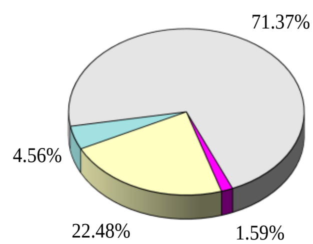
Governmental Activities

Net position of the City's governmental activities increased by $5,207,536 compared to 2022. The increase in Net Position is the result of revenues exceeding expenses in conjunction to receiving additional income tax revenues.

The City receives an income tax, which is based on 2.0% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

Income taxes and property taxes made up 62.36% and 8.45% respectively of revenues for governmental activities for the City in 2023. The City's reliance upon tax revenues is demonstrated by the following graph indicating 71.37% of total revenues from general tax revenues:

Revenue Sources	2023	Percent of Total
General Tax Revenues	$23,219,599	71.37%
Intergovernmental Revenues, Unrestricted	516,093	1.59%
Program Revenues	7,313,580	22.48%
General Other	1,486,958	4.56%
Total Revenue	$32,536,230	100.00%



Business-Type Activities

Net position of the business type activities increased by $3,190,842. This increase is the result of actively addressing delinquent accounts, shut offs, and liens coupled with customers having better knowledge of the monthly billing process. Storm water utility is now a well-established utility operation for the city and further addresses clean water initiatives at the state level. The resources being provided from this new utility has been extremely helpful for failing infrastructure along with being able to perform repair work to the catch basins and renew other related infrastructure items in the storm water system.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $26,384,956, which is an increase from last year's balance of $20,550,226. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2023 and 2022.

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	$7,738,629	$5,314,852	$2,423,777
Municipal Income Tax 1/2% (Voted)	516,400	1,079,634	(563,234)
Municipal Income Tax #2 1/2% (Voted)	2,191,021	1,440,131	750,890
Community Development Block Grant	93,963	42,091	51,872
Local Coronavirus Relief	0	0	0
General Bond Retirement	20,884	12,500	8,384
Capital Improvement	2,385,070	1,863,584	521,486
TIF District-Coshocton Road	5,918,103	5,879,435	38,668
Roads and Bridges Capital Improvement	3,186,553	1,846,108	1,340,445
Other Governmental	4,334,333	3,071,891	1,262,442
Total	$26,384,956	$20,550,226	$5,834,730

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

	2023 Revenues	2022 Revenues	Increase (Decrease)
Taxes	$6,074,964	$5,226,335	$848,629
Intergovernmental Revenue	1,046,231	1,129,376	(83,145)
Charges for Services	2,673,222	2,693,967	(20,745)
Licenses and Permits	93,668	35,197	58,471
Investment Earnings	696,973	243,501	453,472
Fines and Forfeitures	687,231	606,516	80,715
All Other Revenue	350,619	145,635	204,984
Total	$11,622,908	$10,080,527	$1,542,381

General Fund revenues in 2023 increased approximately 15.3% compared to revenues in 2022. The major contributors are from increased income tax revenues, grants awards along with significant investment earnings due to market rates increasing in 2023 and the city had larger investment balances.

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

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
Security of Persons and Property	$290,748	$286,674	$4,074
Public Health and Welfare Services	98,209	87,722	10,487
Leisure Time Activities	854,811	1,016,411	(161,600)
Community Environment	34,945	44,607	(9,662)
Transportation	16,643	39,522	(22,879)
General Government	7,548,902	8,517,852	(968,950)
Debt Service:			
Principal Retirement	16,685	15,998	687
Interest and Fiscal Charges	48,867	11,877	36,990
Total	$8,909,810	$10,020,663	($1,110,853)

General Fund expenditures decreased by $1,110,853 or 11.1% compared to the prior year primarily due to the elimination of health care expenditures for the fire and police department. In 2022, the Income Tax Levy funds did not have sufficient resources to cover health care costs, however during the year of 2023, the fund were able to support their own health care costs.

General Bond Retirement Fund – The General Debt Retirement Fund balance had no significant change.

Municipal Income Tax ½% (Voted) Fund - The Municipal Income Tax ½% (Voted) Fund balance decreased from $1,079,634 to $516,400. This reduction was the results of picking up health care costs during the year of 2023 that were not included during the year of 2022.

Municipal Income Tax #2 ½% (Voted) Fund - The Municipal Income Tax ½% (Voted) Fund balance increased from $1,440,131 to $2,191,021 due to substantial increase in income tax revenues.

Community Development Block Grant Fund – Community Development Block Grant Fund increased due the fund drawing resources into the treasury at year end with the anticipation of distributing those resources out to contractors in the new year.

Local Coronavirus Relief Fund - The Local Coronavirus Relief Fund balance had no significant change.

Capital Improvement Fund - The Capital Improvement Fund balance increased from $1,863,584 to $2,385,070 due to the increased income tax revenues along with capital projects that were not started by year end. Those capital projects will begin in 2024.

TIF District-Coshocton Road Fund - The TIF District-Coshocton Road Fund balance had no significant change.

Roads and Bridges Capital Improvement Fund - The Roads and Bridges Capital Improvement Fund balance increased from $1,846,108 to $3,186,553 due to increased income tax revenues.

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

During the course of 2023 the City amended its General Fund budget several times. The increase in the final budget of $15,008,492 over the original budget of $13,422,144 primarily was the result of a grant from Crime Victim Assistance for a Victims of Crime Advocate within the law director's department and Ohio Department of Rehabilitation and Correction Grant for a Probation Improvement and Incentive Program within the municipal court system and grants received. Actual expenditures and other financing uses were less than the final budget by $3,516,957 because of significant reduction in expenditures, additional appropriations ($477,199) to the budget stabilization appropriation formula the legislative body created in 2018 along with conservative fiscal management practices due to known lost revenues throughout the year.

For the General Fund, actual revenues and other financing sources increased from final budget basis revenue of $9,579,711 by $2,232,415 due to an increase in income tax revenues and emergency medical service charges.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the City had $93,050,921 net of accumulated depreciation invested in land, construction in progress, buildings, infrastructure, equipment and vehicles. Of this total, $58,894,655 was related to governmental activities and $34,156,266 to the business-type activities. The following table shows 2023 and 2022 balances:

	Governmental Activities		
	2023	2022	Increase (Decrease)
Land	$16,205,399	$16,205,399	$0
Construction In Progress	1,739,337	1,682,077	57,260
Buildings	20,065,275	18,351,209	1,714,066
Improvements Other than Buildings	2,598,683	2,593,652	5,031
Infrastructure	58,395,594	58,064,116	331,478
Machinery and Equipment	12,829,127	12,136,948	692,179
Less: Accumulated Depreciation	(52,938,760)	(50,533,054)	(2,405,706)
Totals	$58,894,655	$58,500,347	$394,308

Constructions in Progress increased due to on-going construction projects. Buildings had an increase due to the construction of a new maintenance facility building at Moundview Cemetery. Improvements Other than Buildings had a slight change due to a heat pump exchange during the year. Infrastructures increased due to the completion of prior year projects and road resurfacing in 2023. Machinery and Equipment increased due to acquisition of vehicles for the police department, Exhaust Hose Cut-Off system for the fire department and a shoring up project for the Municipal Parking Garage.

	Business-Type Activities		
	2023	2022	Increase (Decrease)
Land	$819,311	$819,311	$0
Construction in Progress	4,152,020	2,389,079	1,762,941
Buildings and Improvements	36,425,533	36,409,033	16,500
Utility Structures in Service	34,027,274	33,160,272	867,002
Machinery and Equipment	6,326,364	5,903,253	423,111
Less: Accumulated Depreciation	(47,594,236)	(45,515,019)	(2,079,217)
Totals	$34,156,266	$33,165,929	$990,337

Business type capital assets increased during the year. Construction in Progress increased due to the significant number of on-going projects. Utility Structures in Service increased due to renewed infrastructure improvements being made at the same time road work is being improved. Renewed services will significantly improve services in the renewed areas of the city with a financial grant being provided by the State of Ohio. Machinery and equipment had an increase due to the acquisition of vehicle and significant infrastructure for electronic related operations at the facilities. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2023, the City had $5,342,650 in general obligation bonds outstanding, $860,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2023 and 2022.

	2023	2022
Governmental Activities:		
General Obligation Bonds Payable	$3,469,100	$3,939,150
Ohio Public Works Commission Loan	522,739	578,169
Special Obligation Bonds Payable	542,500	670,000
Police and Firemen's Pension Accrued Liability	250,730	267,415
Compensated Absences	1,496,959	1,635,822
Total Governmental Activities	6,282,028	7,090,556
Business-Type Activities:		
General Obligation Bonds Payable	1,873,550	2,238,500
Special Obligation Bonds Payable	542,500	670,000
Ohio Public Works Commission Loan	60,780	70,131
Ohio Water Development Authority Loan	3,436,364	3,796,566
Compensated Absences	220,458	194,388
Total Business-Type Activities	6,133,652	6,969,585
Totals	$12,415,680	$14,060,141

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

The economic outlook for the city is displaying to be plentiful. Resources continue to increase gives an indication that businesses and the workforce are advancing. From the engineering department we are seeing an increase in new housing construction that initially began in the prior year. We have three significant residential home developments that have continued expansion during the year of 2023. Our city had been on a decline in new housing to the point employers had indicated it is nearly impossible for new workers to find available housing due to the limited amount available. While home sales continue to increase, along with that provides for additional real estate tax revenues being tied to the increased market values for real estate.

A major home builder continues with construction of large upscale rental apartments in the east side of town. According to sources near to the project, most of the first phase of construction has already been committed. This will lead the way for this developer to continue into the next phase as demand continues to reach further.

In and near the same housing project, a second developer is currently underway with platting out single-family homes and begin new construction. Homes in this development are expected to be priced between the upper $200,000 to mid $300,000 range. This development is expected to continue development over the next two to three years.

Heartland Progress Park under the direction of the Knox County Area Development Foundation has now obtained deeds to most of the properties located within park. The Foundation will be seeking new businesses or existing businesses within the city to relocate to this complex. More than forty-four acres of structures are available for variety of business types. The complex has the ability to be sub divided if necessary. At this time there are three businesses located in the part with further interest with additional interested businesses to call this park their home place. Through the year of 2023, this complex has already seen four new businesses open up shop. Within the beginning of 2024, another employer will join the complex. Infrastructure improvement have continued through 2023 and will continue into the next year to establish utility services to each individual facility as opposed to a master utility service operation.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Paul Mayville, City Auditor of the City of Mount Vernon.

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

Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 13,928,872	$ 4,983,443	$ 18,912,315
Investments	11,756,605	5,328,604	17,085,209
Receivables:			
Taxes	5,318,530	0	5,318,530
Accounts	258,070	2,267,546	2,525,616
Intergovernmental	960,062	0	960,062
Inventory of Supplies	77,250	126,154	203,404
Prepaid Items	389,851	33,809	423,660
Restricted Assets:			
Cash and Cash Equivalents	572,077	0	572,077
Cash and Cash Equivalents with Fiscal Agent	62,233	0	62,233
Capital Assets			
Capital Assets not Being Depreciated	17,944,736	4,971,331	22,916,067
Capital Assets Being Depreciated	40,949,919	29,184,935	70,134,854
Total Assets	92,218,205	46,895,822	139,114,027
Deferred Outflows of Resources:			
Deferred Charge on Refunding	53,562	121,611	175,173
Pension	8,960,671	1,542,703	10,503,374
OPEB	1,381,527	225,253	1,606,780
Total Deferred Outflows of Resources	10,395,760	1,889,567	12,285,327
Liabilities:			
Accounts Payable	337,616	179,234	516,850
Accrued Wages and Benefits	290,611	82,433	373,044
Contracts Payable	18,549	188,976	207,525
Retainage Payable	0	73,909	73,909
Due to Others	41,371	0	41,371
Unearned Revenue	2,043,039	0	2,043,039
Matured Bonds & Interest Payable	0	650	650
Accrued Interest Payable	0	21,493	21,493
Long-term Liabilities:			
Due Within One Year	1,141,308	949,521	2,090,829
Due in More than One Year:			
Net Pension Liability	25,240,400	3,472,878	28,713,278
Net OPEB Liability	1,544,413	76,028	1,620,441
Other Amounts Due in More than One Year	5,140,720	5,184,131	10,324,851
Total Liabilities	35,798,027	10,229,253	46,027,280

(Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred Inflow of Resources:			
Property Taxes	2,693,100	0	2,693,100
Pension	1,243,376	0	1,243,376
OPEB	1,646,806	25,074	1,671,880
Total Deferred Inflows of Resources	5,583,282	25,074	5,608,356
Net Position:			
Net Investment in Capital Assets	55,734,285	28,169,163	83,903,448
Restricted For:			
Capital Projects	9,384,140	0	9,384,140
Perpetual Care, Nonexpendable	572,077	0	572,077
Security of Persons and Property	3,619,384	0	3,619,384
Leisure Time Activities	106,917	0	106,917
Community Environment	324,796	0	324,796
Transportation	1,518,519	0	1,518,519
Public Health and Welfare	337,849	0	337,849
General Government	781,728	0	781,728
Unrestricted (Deficit)	(11,147,039)	10,361,899	(785,140)
Total Net Position	$ 61,232,656	$ 38,531,062	$ 99,763,718

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	$ 12,178,642	$ 2,941,506	$ 13,236	$ 0
Public Health and Welfare Services	550,505	94,725	0	0
Leisure Time Activities	1,252,522	325,350	0	0
Community Environment	682,141	15,524	63,590	0
Transportation	4,411,858	0	1,135,068	191,626
General Government	8,047,565	1,074,875	1,458,080	0
Interest and Fiscal Charges	205,461	0	0	0
Total Governmental Activities	27,328,694	4,451,980	2,669,974	191,626
Business-Type Activities:				
Water	3,912,461	4,907,747	0	0
Sewer	4,018,310	5,381,348	0	0
Storm Water	441,018	1,273,536	0	0
Total Business-Type Activities	8,371,789	11,562,631	0	0
Totals	$ 35,700,483	$ 16,014,611	$ 2,669,974	$ 191,626

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Debt Service

Capital Outlay

Municipal Income Tax

Other Local Taxes

Intergovernmental Revenue, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (9,223,900)	$ 0	$ (9,223,900)
(455,780)	0	(455,780)
(927,172)	0	(927,172)
(603,027)	0	(603,027)
(3,085,164)	0	(3,085,164)
(5,514,610)	0	(5,514,610)
(205,461)	0	(205,461)
(20,015,114)	0	(20,015,114)
0	995,286	995,286
0	1,363,038	1,363,038
0	832,518	832,518
0	3,190,842	3,190,842
(20,015,114)	3,190,842	(16,824,272)
703,106	0	703,106
162,532	0	162,532
143,671	0	143,671
1,740,373	0	1,740,373
20,290,751	0	20,290,751
179,166	0	179,166
516,093	0	516,093
784,236	0	784,236
702,722	0	702,722
25,222,650	0	25,222,650
5,207,536	3,190,842	8,398,378
56,025,120	35,340,220	91,365,340
$ 61,232,656	$ 38,531,062	$ 99,763,718

Balance Sheet
Governmental Funds
December 31, 2023

	General	Municipal Income Tax 1/2% (Voted)	Municipal Income Tax #2 1/2% (Voted)	Community Development Block Grant
Assets:				
Cash and Cash Equivalents	$ 1,750,733	$ 235,676	$ 1,818,685	$ 46,189
Investments	6,143,962	0	0	0
Receivables:				
Taxes	1,512,830	626,784	626,784	0
Accounts	230,173	18,099	9,798	0
Intergovernmental	198,763	0	0	278,607
Interfund Loans Receivables	0	0	0	0
Inventory of Supplies	4,678	0	0	0
Prepaid Items	293,493	0	34,597	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	$ 10,134,632	$ 880,559	$ 2,489,864	$ 324,796
Liabilities:				
Accounts Payable	$ 38,752	$ 0	$ 58,115	$ 230,833
Accrued Wages and Benefits Payable	98,611	141,849	12,525	0
Contracts Payable	551	0	5,893	0
Due to Others	0	0	0	0
Unearned Revenue	0	0	0	0
Interfund Loans Payable	1,050,774	0	0	0
Total Liabilities	1,188,688	141,849	76,533	230,833
Deferred Inflows of Resources:				
Property Tax	790,300	0	0	0
Unavailable Revenue	417,015	222,310	222,310	0
Total Deferred Inflows of Resources	1,207,315	222,310	222,310	0
Fund Balances:				
Nonspendable	298,171	0	34,597	0
Restricted	0	516,400	2,156,424	93,963
Committed	0	0	0	0
Assigned	7,440,458	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	7,738,629	516,400	2,191,021	93,963
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,134,632	$ 880,559	$ 2,489,864	$ 324,796

See accompanying notes to the basic financial statements

Local Coronavirus Relief	General Bond Retirement	Capital Improvement	TIF District-Coshocton Road	Roads and Bridges Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 2,043,039	$ 20,884	$ 459,462	$ 1,033,431	$ 3,039,690	$ 3,481,083	$ 13,928,872
0	0	1,778,745	3,833,898	0	0	11,756,605
0	0	231,922	1,565,240	231,922	523,048	5,318,530
0	0	0	0	0	0	258,070
0	0	0	0	0	482,692	960,062
0	0	0	1,050,774	0	0	1,050,774
0	0	0	0	0	72,572	77,250
0	0	0	0	0	61,761	389,851
0	0	0	0	0	572,077	572,077
0	0	0	0	0	62,233	62,233
$ 2,043,039	$ 20,884	$ 2,470,129	$ 7,483,343	$ 3,271,612	$ 5,255,466	$ 34,374,324
$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,916	$ 337,616
0	0	0	0	0	37,626	290,611
0	0	0	0	0	12,105	18,549
0	0	0	0	0	41,371	41,371
2,043,039	0	0	0	0	0	2,043,039
0	0	0	0	0	0	1,050,774
2,043,039	0	0	0	0	101,018	3,781,960
0	0	0	1,500,000	0	402,800	2,693,100
0	0	85,059	65,240	85,059	417,315	1,514,308
0	0	85,059	1,565,240	85,059	820,115	4,207,408
0	0	0	0	0	706,410	1,039,178
0	20,884	2,385,070	5,918,103	3,186,553	3,548,624	17,826,021
0	0	0	0	0	80,355	80,355
0	0	0	0	0	0	7,440,458
0	0	0	0	0	(1,056)	(1,056)
0	20,884	2,385,070	5,918,103	3,186,553	4,334,333	26,384,956
$ 2,043,039	$ 20,884	$ 2,470,129	$ 7,483,343	$ 3,271,612	$ 5,255,466	$ 34,374,324

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

Total Governmental Fund Balances		$ 26,384,956
Amounts reported for governmental activities in the statement of net position are different because		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		58,894,655
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,514,308
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	8,960,671	
Deferred Inflows - Pension	(1,243,376)	
Net Pension Liability	(25,240,400)	(17,523,105)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - OPEB	1,381,527	
Deferred Inflows - OPEB	(1,646,806)	
Net OPEB Liability	(1,544,413)	(1,809,692)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(3,469,100)	
Less: Deferred Charges on Refunding	53,562	
Special Obligation Bonds Payable	(542,500)	
Ohio Public Works Commission Loan Payable	(522,739)	
Police and Firemen's Pension Accrued Liability	(250,730)	
Compensated Absences Payable	(1,496,959)	(6,228,466)
Net Position of Governmental Activities		$ 61,232,656

See accompanying notes to the basic financial statements

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

	General	Municipal Income Tax 1/2% (Voted)	Municipal Income Tax #2 1/2% (Voted)	Community Development Block Grant
Revenues:				
Taxes	$ 6,074,964	$ 5,092,836	$ 5,092,837	$ 0
Intergovernmental Revenues	1,046,231	0	9,236	695,085
Charges for Services	2,673,222	0	3,268	0
Licenses and Permits	93,668	0	0	0
Investment Earnings	696,973	0	0	114
Fines and Forfeitures	687,231	0	0	0
All Other Revenue	350,619	21,099	11,393	3,869
Total Revenue	11,622,908	5,113,935	5,116,734	699,068
Expenditures:				
Current:				
Security of Persons and Property	290,748	5,677,169	3,458,858	0
Public Health and Welfare Services	98,209	0	0	0
Leisure Time Activities	854,811	0	0	0
Community Environment	34,945	0	0	647,196
Transportation	16,643	0	0	0
General Government	7,548,902	0	0	0
Debt Service:				
Principal Retirement	16,685	0	0	0
Interest and Fiscal Charges	48,867	0	0	0
Total Expenditures	8,909,810	5,677,169	3,458,858	647,196
Excess (Deficiency) of Revenues Over Expenditures	2,713,098	(563,234)	1,657,876	51,872
Other Financing Sources (Uses):				
Sale of Capital Assets	420	0	31,014	0
Transfers In	0	0	0	0
Transfers Out	(289,741)	0	(938,000)	0
Total Other Financing Sources (Uses)	(289,321)	0	(906,986)	0
Net Change in Fund Balances	2,423,777	(563,234)	750,890	51,872
Fund Balances at Beginning of Year	5,314,852	1,079,634	1,440,131	42,091
Fund Balances End of Year	$ 7,738,629	$ 516,400	$ 2,191,021	$ 93,963

See accompanying notes to the basic financial statements

Local Coronavirus Relief	General Bond Retirement	Capital Improvement	TIF District-Coshocton Road	Roads and Bridges Capital Improvement	Other Governmental Funds	Total Governmental Funds
$ 0	$ 0	$ 1,917,430	$ 1,495,512	$ 1,917,430	$ 1,585,177	$ 23,176,186
279,457	0	6,100	8	185,526	1,812,657	4,034,300
0	0	0	0	0	727,937	3,404,427
0	0	0	0	0	2,365	96,033
0	0	0	37,677	21,968	27,504	784,236
0	0	0	0	0	295,255	982,486
0	21	0	0	213,888	70,447	671,336
279,457	21	1,923,530	1,533,197	2,338,812	4,521,342	33,149,004
0	0	0	0	0	1,716,484	11,143,259
0	0	59,721	0	0	342,734	500,664
0	0	92,857	0	0	799	948,467
0	0	0	0	0	0	682,141
0	0	0	1,473,279	783,184	1,158,778	3,431,884
279,457	0	1,249,466	0	0	694,745	9,772,570
0	525,480	0	0	0	127,500	669,665
0	130,744	0	0	0	17,447	197,058
279,457	656,224	1,402,044	1,473,279	783,184	4,058,487	27,345,708
0	(656,203)	521,486	59,918	1,555,628	462,855	5,803,296
0	0	0	0	0	0	31,434
0	664,587	0	0	0	972,675	1,637,262
0	0	0	(21,250)	(215,183)	(173,088)	(1,637,262)
0	664,587	0	(21,250)	(215,183)	799,587	31,434
0	8,384	521,486	38,668	1,340,445	1,262,442	5,834,730
0	12,500	1,863,584	5,879,435	1,846,108	3,071,891	20,550,226
$ 0	$ 20,884	$ 2,385,070	$ 5,918,103	$ 3,186,553	$ 4,334,333	$ 26,384,956

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 5,834,730
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	3,096,856	
Depreciation Expense	(2,680,719)	416,137
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and sales) is to increase net position.		
The statement of activities reports gain arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(21,829)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(613,194)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,851,921
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(3,274,478)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		214,124
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net		
General Obligation Bond Principal Payment	470,050	
Special Obligation Bond Principal Payment	127,500	
Ohio Public Works Commission Loan Payment	55,430	
Police Firemen's Pension Accrued Liability Principal Payment	16,685	669,665
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		2,309
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences	138,863	
Amortization of Deferred Charge on Refunding	(10,712)	128,151
Change in Net Position of Governmental Activities		$ 5,207,536

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 3,771,200	$ 3,771,200	$ 6,165,585	$ 2,394,385
Intergovernmental Revenue	946,357	1,812,980	1,049,654	(763,326)
Charges for Services	2,366,000	2,379,000	2,774,118	395,118
Licenses and Permits	29,000	29,000	93,668	64,668
Investment Earnings	229,050	265,250	711,486	446,236
Fines and Forfeitures	548,000	548,000	635,691	87,691
All Other Revenues	109,500	644,218	381,504	(262,714)
Total Revenues	7,999,107	9,449,648	11,811,706	2,362,058
Expenditures:				
Current:				
Security of Persons and Property	1,523,249	1,559,636	1,517,142	42,494
Public Health and Welfare Services	136,200	136,200	121,409	14,791
Leisure Time Activities	1,268,395	937,878	902,727	35,151
Community Environment	63,487	58,567	35,783	22,784
Transportation	47,500	46,981	38,957	8,024
General Government	10,083,813	11,871,289	8,493,390	3,377,899
Total Expenditures	13,122,644	14,610,551	11,109,408	3,501,143
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,123,537)	(5,160,903)	702,298	5,863,201
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	420	420
Transfers In	0	130,063	0	(130,063)
Transfers Out	(299,500)	(305,555)	(289,741)	15,814
Advances Out	0	(92,386)	(92,386)	0
Total Other Financing Sources (Uses):	(299,500)	(267,878)	(381,707)	(113,829)
Net Change in Fund Balance	(5,423,037)	(5,428,781)	320,591	5,749,372
Fund Balance at Beginning of Year	3,551,985	3,551,985	3,551,985	0
Prior Year Encumbrances	1,979,937	1,979,937	1,979,937	0
Fund Balance at End of Year	$ 108,885	$ 103,141	$ 5,852,513	$ 5,749,372

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund – Municipal Income Tax #1 ½% (Voted) Fund For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 4,250,000	$ 4,950,000	$ 5,122,630	$ 172,630
All Other Revenues	0	0	19,246	19,246
Total Revenues	4,250,000	4,950,000	5,141,876	191,876
Expenditures:				
Security of Persons and Property	5,032,354	5,732,354	5,688,554	43,800
Total Expenditures	5,032,354	5,732,354	5,688,554	43,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	(782,354)	(782,354)	(546,678)	235,676
Fund Balance at Beginning of Year	782,354	782,354	782,354	0
Fund Balance at End of Year	$ 0	$ 0	$ 235,676	$ 235,676

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue Fund – Municipal Income Tax #2 ½% (Voted) Fund For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 4,245,000	$ 4,245,000	$ 5,122,631	$ 877,631
Intergovernmental Revenues	0	59,986	9,236	(50,750)
Charges for Services	5,000	5,000	3,268	(1,732)
All Other Revenues	0	0	2,035	2,035
Total Revenues	4,250,000	4,309,986	5,137,170	827,184
Expenditures:				
Security of Persons and Property	4,143,887	4,329,014	3,641,103	687,911
Total Expenditures	4,143,887	4,329,014	3,641,103	687,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,113	(19,028)	1,496,067	1,515,095
Other Financing Sources (Uses):				
Sale of Capital Assets	0	141	31,014	30,873
Transfers Out	(1,150,000)	(1,025,000)	(938,000)	87,000
Total Other Financing Sources (Uses)	(1,150,000)	(1,024,859)	(906,986)	117,873
Net Change in Fund Balance	(1,043,887)	(1,043,887)	589,081	1,632,968
Fund Balance at Beginning of Year	878,342	878,342	878,342	0
Prior Year Encumbrances	165,545	165,545	165,545	0
Fund Balance at End of Year	$ 0	$ 0	$ 1,632,968	$ 1,632,968

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 1,400,000	$ 2,727,000	$ 416,478	$ (2,310,522)
Investment Earnings	0	0	114	114
All Other Revenues	0	0	3,869	3,869
Total Revenues	1,400,000	2,727,000	420,461	(2,306,539)
Expenditures:				
Community Environment	1,442,091	2,769,091	446,883	2,322,208
Total Expenditures	1,442,091	2,769,091	446,883	2,322,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,091)	(42,091)	(26,422)	15,669
Fund Balance at Beginning of Year	539	539	539	0
Prior Year Encumbrances	41,552	41,552	41,552	0
Fund Balance at End of Year	$ 0	$ 0	$ 15,669	$ 15,669

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 0	$ 276,000	$ 0	$ (276,000)
Total Revenues	0	276,000	0	(276,000)
Expenditures:				
General Government	1,589,932	1,865,932	303,906	1,562,026
Total Expenditures	1,589,932	1,865,932	303,906	1,562,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,589,932)	(1,589,932)	(303,906)	1,286,026
Fund Balance at Beginning of Year	2,318,398	2,318,398	2,318,398	0
Prior Year Encumbrances	28,547	28,547	28,547	0
Fund Balance at End of Year	$ 757,013	$ 757,013	$ 2,043,039	$ 1,286,026

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Storm Water	Total
ASSETS				
Current assets:				
Cash and Cash Equivalents	$ 2,529,719	$ 913,179	$ 1,540,545	$ 4,983,443
Investments	2,392,823	2,935,781	0	5,328,604
Accounts receivable (net of allowance for uncollectibles)	1,023,628	700,722	543,196	2,267,546
Inventory of Supplies	70,634	55,520	0	126,154
Prepaid Items	21,538	12,271	0	33,809
Total current assets	6,038,342	4,617,473	2,083,741	12,739,556
Noncurrent assets:				
Capital assets:				
Capital Assets Not Being Depreciated	2,588,680	1,595,621	787,030	4,971,331
Capital Assets Being Depreciated	13,663,472	15,140,988	380,475	29,184,935
Total noncurrent assets	16,252,152	16,736,609	1,167,505	34,156,266
Total Assets	22,290,494	21,354,082	3,251,246	46,895,822
Deferred Outflows of Resources:				
Deferred Charges on Refunding	16,114	105,497	0	121,611
Pension	734,398	808,305	0	1,542,703
OPEB	108,341	116,912	0	225,253
Total Deferred Outflows of Resources	858,853	1,030,714	0	1,889,567
LIABILITIES				
Current liabilities:				
Accounts Payable	171,808	7,426	0	179,234
Accrued Wages and Benefits	40,442	41,991	0	82,433
Contracts Payable	19,395	101,481	68,100	188,976
Retainage Payable	64,452	9,457	0	73,909
Matured Bonds and Interest Payable	650	0	0	650
Accrued Interest Payable	612	20,881	0	21,493
General Obligation Bonds Payable - Current	34,800	340,750	0	375,550
OWDA Loans Payable - Current	0	364,393	0	364,393
OPWC Loans Payable - Current	9,351	0	0	9,351
Compensated Absences Payable - Current	37,569	32,658	0	70,227
Special Obligation Bonds Payable - Current	65,000	65,000	0	130,000
Total Current Liabilities	444,079	984,037	68,100	1,496,216

(Continued)

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Storm Water	Total
Noncurrent Liabilities:				
General Obligation Bonds Payable	98,000	1,400,000	0	1,498,000
OWDA Loans Payable	0	3,071,971	0	3,071,971
OPWC Loans Payable	51,429	0	0	51,429
Special Obligation Bonds Payable	206,250	206,250	0	412,500
Compensated Absences Payable	81,970	68,261	0	150,231
Net Pension Liability	1,670,370	1,802,508	0	3,472,878
Net OPEB Liability	36,568	39,460	0	76,028
Total noncurrent liabilities	2,144,587	6,588,450	0	8,733,037
Total Liabilities	2,588,666	7,572,487	68,100	10,229,253
Deferred Inflows of Resources:				
OPEB	12,060	13,014	0	25,074
Total Deferred Inflows of Resources	12,060	13,014	0	25,074
NET POSITION:				
Net Investment in Capital Assets	15,722,870	11,278,788	1,167,505	28,169,163
Unrestricted	4,825,751	3,520,507	2,015,641	10,361,899
Total Net Position	$ 20,548,621	$ 14,799,295	$ 3,183,146	$ 38,531,062

See accompanying notes to the basic financial statements

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

	Water	Sewer	Storm Water	Total
Operating Revenues:				
Charges for Services	$ 4,890,657	$ 5,353,824	$ 1,273,536	$ 11,518,017
Other Operating Revenues	17,090	27,524	0	44,614
Total Operating Revenues	4,907,747	5,381,348	1,273,536	11,562,631
Operating Expenses:				
Personal Services	1,369,250	1,524,295	0	2,893,545
Contractual Services	426,840	807,809	373,420	1,608,069
Materials and Supplies	841,989	298,261	64,099	1,204,349
Utilities	213,688	235,685	0	449,373
Depreciation	1,044,531	1,032,938	3,499	2,080,968
Total Operating Expenses	3,896,298	3,898,988	441,018	8,236,304
Operating Income (Loss)	1,011,449	1,482,360	832,518	3,326,327
Non-Operating Revenues (Expenses):				
Interest and Fiscal Charges	(16,163)	(119,322)	0	(135,485)
Total Non-Operating Revenues (Expenses)	(16,163)	(119,322)	0	(135,485)
Change in Net Position	995,286	1,363,038	832,518	3,190,842
Net Position Beginning of Year, Restated	19,553,335	13,436,257	2,350,628	35,340,220
Net Position End of Year	$ 20,548,621	$ 14,799,295	$ 3,183,146	$ 38,531,062

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Storm Water	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	$5,061,059	$5,950,194	$1,162,870	$12,174,123
Cash Payments for Goods and Services	(1,340,385)	(1,422,142)	(500,153)	(3,262,680)
Cash Payments to Employees	(1,356,838)	(1,477,136)	0	(2,833,974)
Net Cash Provided by Operating Activities	2,363,836	3,050,916	662,717	6,077,469
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Assets	(2,016,599)	(756,124)	(533,215)	(3,305,938)
Principal Paid on General Obligation Bonds	(33,200)	(331,750)	0	(364,950)
Principal Paid on Ohio Public Works Commission Loan	(9,351)	0	0	(9,351)
Principal Paid on Special Obligation Bonds	(63,750)	(63,750)	0	(127,500)
Principal Paid on OWDA Loan	0	(360,202)	0	(360,202)
Interest Paid on All Debt	(13,084)	(104,879)	0	(117,963)
Net Cash Used for Capital and Related Financing Activities	(2,135,984)	(1,616,705)	(533,215)	(4,285,904)
Cash Flows from Investing Activities:				
Purchase of Investments	(1,341,255)	(2,192,160)	0	(3,533,415)
Net Cash (Used) by Investing Activities	(1,341,255)	(2,192,160)	0	(3,533,415)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,113,403)	(757,949)	129,502	(1,741,850)
Cash and Cash Equivalents at Beginning of Year	3,643,122	1,671,128	1,411,043	6,725,293
Cash and Cash Equivalents at End of Year	$2,529,719	$913,179	$1,540,545	$4,983,443

(Continued)

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Storm Water	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$1,011,449	$1,482,360	$832,518	$3,326,327
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	1,044,531	1,032,938	3,499	2,080,968
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	153,312	568,846	(110,666)	611,492
(Increase) Decrease in Inventory	(2,473)	7,979	0	5,506
Increase in Prepaid Items	2,502	1,353	232	4,087
Increase in Net OPEB Asset	169,227	177,733	0	346,960
Decrease Deferred Outflows-Pension	(542,286)	(606,536)	0	(1,148,822)
Decrease Deferred Outflows-OPEB	(108,341)	(116,912)	0	(225,253)
Increase (Decrease) in Accounts Payable	122,822	(37,421)	0	85,401
Increase in Accrued Wages and Benefits	7,912	10,615	0	18,527
Decrease in Contracts Payable	(11,170)	(72,236)	(62,866)	(146,272)
Increase in Retainage Payable	1,207	9,457	0	10,664
Increase (Decrease) in Compensated Absences	27,931	(1,861)	0	26,070
Increase in Net Pension Liability	1,218,595	1,328,025	0	2,546,620
Increase in Net OPEB Liability	36,568	39,460	0	76,028
Decrease in Deferred Inflows-Pension	(580,610)	(590,655)	0	(1,171,265)
Decrease in Deferred Inflows-OPEB	(187,340)	(182,229)	0	(369,569)
Total Adjustments	1,352,387	1,568,556	(169,801)	2,751,142
Net Cash Provided by Operating Activities	$2,363,836	$3,050,916	$662,717	$6,077,469

See accompanying notes to the basic financial statements

Statement of Net Position
Fiduciary Fund
December 31, 2023

	Custodial
Assets:	
Cash and Cash Equivalents	$ 172,581
Total Assets	172,581
Liabilities:	
Intergovernmental Payable	67,567
Due to Others	105,014
Total Liabilities	172,581
Net Position:	
Restricted for Individuals, Organizations and Other Governments	0
Total Net Position	$ 0

See accompanying notes to the basic financial statements

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

	Custodial
Additions:	
Fines and Forfeiture Collections for Other Governments	$ 242,289
Charges Collected for Others	640,056
Total Additions	882,345
Deductions:	
Distribution of Fines and Forfeitures to Other Governments	242,289
Distribution of Charges Collected for Others	640,056
Total Deductions	882,345
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	$ 0

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mount Vernon, Ohio (the "City") was incorporated on February 22, 1830 under the laws of the State of Ohio. The City operates under the general statutory form of government.

The financial statements are presented as of December 31, 2023 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government. The reporting entity of the City includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

The Knox County General Health District as a combined agency was created in 1983 as provided in Section 3709.07 of the Ohio Revised Code. The jointly governed organization's board is composed of nine members; six members from the townships and villages, and three members from the City. The combined Knox County General Health District was organized to provide public health services as required by the Ohio Revised Code and the Ohio Administrative Code, and such other services as are duly authorized or required by regulations of the District and can be furnished within the financial resources available to the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated $61,900 for operations of the combined District for 2023.

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

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, net position, revenues and expenditures or expenses. The following fund types are used by the City:

Governmental Funds

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

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

Municipal Income Tax ½% (Voted) – This fund is used to account for income tax levied in 1982, which is dedicated solely for the police, fire, and emergency medical services departments.

Municipal Income Tax #2 ½% (Voted) – This fund is used to account for income tax levied in 2017, which is dedicated solely for the police, fire, and emergency medical services departments.

Community Development Block Grant Fund – This fund is used to account for state grants designated for community environmental improvements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

General Bond Retirement Fund – This fund is used for the accumulation of resources for, and the payment of, principal and interest on general obligation debt other than those accounted for in the proprietary funds.

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

TIF District – Coshocton Road Fund – This fund is used to account for financial resources used for the improvements within the described boundaries of the Coshocton Road area.

Roads and Bridges Capital Improvement Fund – This fund is used to account for income tax and other financial resources to be used for the expenses of road improvements, road reconstruction, road resurfacing, drainage and drainage systems, curbing and gutters, land acquisition, right-of-way acquisition, traffic control devices, Americans with Disabilities Act (ADA) compliance requirements, and all necessary appurtenances.

Proprietary Funds

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

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 City’s major enterprise funds are:

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

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

Storm Water Fund – This fund is used to account for the operation of the City’s storm water drainage service.

Fiduciary Funds

Custodial Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The custodial funds account for municipal court collections that are distributed to various local governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. <u>Basis of Accounting</u>

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

The accrual basis of accounting is utilized for reporting purposes by governmental activities, the proprietary funds and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Modified Tax Budget

By July 15, the Mayor submits an annual modified tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificates of estimated resources is amended to include any unencumbered fund balances from the preceding year, and are reported as original budget amounts on the budgetary statements. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the final budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The original appropriation budget ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During the year, several supplemental appropriations were necessary to budget the use of contingency funds.

Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the original and the final budgets. The final budget includes all amendments and modifications.

4. Lapsing of Appropriations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds:

	Net Change in Fund Balance				
	General Fund	Municipal Income Tax #1 1/2% (Voted) Fund	Municipal Income Tax #2 1/2% (Voted) Fund	Community Development Block Grant Fund	Local Coronavirus Relief Fund
GAAP Basis (as reported)	$2,423,777	($563,234)	$750,890	$51,872	$0
Increase (Decrease):					
Accrued Revenues at December 31, 2023 received during 2024	(828,262)	(422,573)	(414,272)	(278,607)	0
Accrued Revenues at December 31, 2022 received during 2023	1,017,060	450,514	434,708	0	0
Unearned Revenues at December 31, 2023 received during 2023	0	0	0	0	2,043,039
Unearned Revenues at December 31, 2022 received during 2022	0	0	0	0	(2,322,496)
Accrued Expenditures at December 31, 2023 paid during 2024	137,167	141,849	76,533	230,833	0
Accrued Expenditures at December 31, 2022 paid during 2023	(358,959)	(153,234)	(66,185)	0	(24,449)
Interfund Loan Payable for 2024	1,050,774	0	0	0	0
Interfund Loan Payable for 2023	(1,143,160)	0	0	0	0
2022 Prepaids for 2023	263,248	0	27,721	0	0
2023 Prepaids for 2024	(293,493)	0	(34,597)	0	0
Outstanding Encumbrances	(1,947,561)	0	(185,717)	(30,520)	0
Budget Basis	$320,591	($546,678)	$589,081	($26,422)	($303,906)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), and certificates of deposit and investments with original maturities of less than three months. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, the City reports its investments at fair value. Fair value is determined by quoted market prices, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments is recognized as revenue in the operating statements. The City allocates interest among the various funds based upon state statues and City legislation. See Note 4, "Cash, Cash Equivalents and Investments."

During 2023, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

Inventory of supplies is stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the governmental funds and as expenses in the enterprise funds and on a government-wide basis when used.

I. Prepaid Items

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than $1,000.

1. Capital Assets - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

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

2. Capital Assets – Business Type Activities

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

3. Depreciation

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

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	15 - 50
Improvements other than Buildings	25-65
Infrastructure and Utility Structures in Service	15-100
Machinery and Equipment	5 - 20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund
Special Obligation Bonds	General Bond Retirement –Income Tax Fund Water Fund Sewer Fund
Ohio Public Works Loan	General Bond Retirement Fund, Water Fund
Ohio Water Development Authority	Sewer Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences Net Pension Liability Net OPEB Liability	General Fund, Street Construction Maintenance and Repair Fund, Cemetery Fund, Income Tax Fund-Voted, Income Tax Fund Fund-Voted #2, Water Fund, Sewer Fund

L. Compensated Absences

City employees earn vacation at varying rates based upon length of service. A maximum of three weeks of vacation time may be carried over beyond the anniversary date subject to the approval of the department head. Upon separation from the City, the employee (or his estate) is paid for the accumulated unused vacation leave balance.

Sick leave is accrued by employees at the rate of 5 hours for every eighty hours worked. Upon separation from the City, after 10 years of service, 40 hour employees are paid 50% of accumulated sick leave up to a maximum of 480 hours and 48 hour employees up to a maximum of 617 hours. After 20 years of service, 40 hour employees are paid up to a maximum of 720 hours and 48 hour employees up to a maximum of 864 hours. Upon retirement the maximum payments are 1,080 hours with ten or more years of service for 40 hour employees in the police department, 1,200 hours with ten or more years of service for all other 40 hour employees and 1,296 hours for 48 hour employees with ten or more years of service in the fire department.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

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

Compensated absences accumulated by employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The noncurrent portion of the liability is not reported.

Compensated absences are expensed in the Water and Sewer Enterprise Funds when earned and the related liability is reported within the fund.

M. Net Position

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

N. Bond Issuance Costs

Bond issuance costs are recognized in the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

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

P. Interfund Transactions

Transfers between governmental and business type activities on the government-wide financial statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity has been eliminated from the government-wide financial statements.

Q. Fund Balances

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balances (Continued)

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Auditor may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. State statute authorizes the City to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

R. Restricted Assets

Certain assets are classified as restricted cash on the statement of net position and the balance sheet because these funds are being held by Knox County for permissive tax or a trustee as designated by a bond indenture, or in a trustee capacity for perpetual care.

S. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

T. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. At December 31, 2023, this includes Local Coronavirus Relief grant revenue received before eligibility requirements have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension and OPEB amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension and OPEB plans on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

V. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

W. Estimates

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE, COMPLIANCE AND RESTATEMENT OF NET POSITION

A. Change in Accounting Principle

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements. GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

B. Compliance

The Lodging Excise Tax (other governmental special revenue fund) reported a deficit of $1,056 at December 31, 2023 as a result of the recognition of accruals in accordance with generally accepted accounting principles. The General Fund provides transfers when cash is required, not when accruals occur.

C. Restatement of Net Position

In 2023, the City determined that Accounts Receivable was posted to the incorrect fund. The correction resulted in the restatement of net position as of December 31, 2022 for the Sewer and Stormwater Funds as follows:

	Sewer Fund	Stormwater Fund
Net position December 31, 2022	$12,599,219	$3,187,666
Correction of an Error	837,038	(837,038)
Restated Net Position December 31, 2022	$13,436,257	$2,350,628

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Municipal Income Tax 1/2% (Voted)	Municipal Income Tax #2 1/2% (Voted)	Community Development Block Grant Fund	General Bond Retirement Fund	Capital Improvement Fund	TIF District-Coshocton Road Fund	Roads and Bridges Capital Imp Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:										
Prepaid Items	$293,493	$0	$34,597	$0	$0	$0	$0	$0	$61,761	$389,851
Supplies Inventory	4,678	0	0	0	0	0	0	0	72,572	77,250
Endowment	0	0	0	0	0	0	0	0	572,077	572,077
Total Nonspendable	298,171	0	34,597	0	0	0	0	0	706,410	1,039,178
Restricted:										
Transportation Projects	0	0	0	0	0	2,385,070	5,918,103	3,186,553	1,364,822	12,854,548
Cemetery	0	0	0	0	0	0	0	0	360,477	360,477
Court Projects	0	0	0	0	0	0	0	0	781,728	781,728
Public Safety	0	516,400	2,156,424	0	0	0	0	0	838,429	3,511,253
Community Development	0	0	0	93,963	0	0	0	0	89,892	183,855
Debt Retirement	0	0	0	0	20,884	0	0	0	10,797	31,681
Parks and Recreation	0	0	0	0	0	0	0	0	102,479	102,479
Total Restricted	0	516,400	2,156,424	93,963	20,884	2,385,070	5,918,103	3,186,553	3,548,624	17,826,021
Committed:										
Parks and Recreation	0	0	0	0	0	0	0	0	80,355	80,355
Total Committed	0	0	0	0	0	0	0	0	80,355	80,355
Assigned:										
Projected Budgetary Deficit	5,532,200	0	0	0	0	0	0	0	0	5,532,200
Services and Supplies	1,908,258	0	0	0	0	0	0	0	0	1,908,258
Total Assigned	7,440,458	0	0	0	0	0	0	0	0	7,440,458
Unassigned:	0	0	0	0	0	0	0	0	(1,056)	(1,056)
Total Fund Balances	$7,738,629	$516,400	$2,191,021	$93,963	$20,884	$2,385,070	$5,918,103	$3,186,553	$4,334,333	$26,384,956

The Nonspendable endowment listed within the table has been established pursuant to state law and binds the City to forever hold such money as a permanent fund and to provide perpetual care of the lots. Income or interest of such money shall be provided directly to the Cemetery Fund (special revenue) for the current operations of the cemetery.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Auditor and Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

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

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

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

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

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

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the fair 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;

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

- 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;

- Nothing in the above classifications of eligible obligations shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations, and

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate fair value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State

At year end the carrying amount of the City's deposits was $24,075,128 and the bank balance $23,247,992. The Federal Deposit Insurance Corporation (FDIC) covered $6,096,097 of the bank balance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the Ohio Pooled Collateral System	$1,084,667
Total Balance	$1,084,667

Investment earnings of $184,965 earned by other funds were credited to the General Fund as required by state statute.

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

B. Investments

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

	Fair Value	Credit Rating	Investment Maturities (in Years) less than 1
STAR Ohio	$6,337,077	AAAm [1]	$6,337,077
Negotiable CDs	5,133,000	AAA [1]	5,133,000
US Treasury Bond	3,999,290	AAA+ [1]	3,999,290
US Treasury Bill	2,000,106	AAA+ [1]	2,000,106
Total Investments	$17,469,473		$17,469,473

[1] Standard & Poor's

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

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for "interim" funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 36% are STAR Ohio, 29% are Negotiable CDs, 23% are US Treasury Bonds, 12% are US Treasury Bills.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The above investments are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the City's name. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

C. Cash with Fiscal Agents

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of $62,233 being held by Knox County.

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

D. 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. STAR Ohio is treated as a cash equivalent. 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	Investments
Per GASB Statement No. 9	$19,719,206	$17,085,209
Certificates of Deposit (with maturities of more than 3 months)	5,952,813	(5,952,813)
Investments:		
STAR Ohio	(6,337,077)	6,337,077
Per GASB Statement No. 3	$19,334,942	$17,469,473

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2021, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2022. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2023 was $3.20 per $1,000 of assessed value. The assessed value upon which the 2023 tax receipts were based was $312,921,050. This amount constitutes $290,231,430 in real property assessed value and $22,689,620 in public utility assessed.

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .320% (3.20 mills) of assessed value.

B. Income Tax

The City levies a tax of 2.0% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of up to 1% of the tax paid to another municipality.

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.

Income tax proceeds, after payment of collection expenses, have been allocated by City Council as follows: 52% of the unvoted 1% portion of the income tax is credited to the General Fund, 19.5% to the Capital Improvement Fund, 19.5% to the Roads & Bridges Fund, 3% to the Street Construction, Maintenance and Repair Fund, 4% to the Cemetery Fund, 1% to the Police Pension Fund and 1% to the Fire Pension Fund; 100% of the voted 0.5% portion of the income tax is credited to the Municipal Income Tax ½% Voted Fund, and 100% of the voted 0.5% portion of the income tax is credited to the Municipal Income Tax #2 ½% (Voted) Fund.

C. Tax Abatement

As of December 31, 2023, the City provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

NOTE 5 - TAXES (Continued)

C. Tax Abatement (Continued)

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2023, the City's property tax revenues were reduced as a result of these agreements as follows:

Tax Abatement Program		City
CRA	Ezone	Taxes Abated
$ 74,098	$ 121,081	$ 195,179

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NOTE 6 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for governmental and proprietary funds.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amount
General Fund	
Homestead and Rollback Reimbursement	$55,301
Local Government	143,462
Total General Fund	198,763
Major Special Revenue Fund:	
CDBG Fund - CDBG Grants	278,607
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Gasoline Tax	369,380
Motor Vehicle Tax	45,480
Total Street Construction, Maintenance and Repair Fund	414,860
State Highway Improvement Fund	
Gasoline Tax	29,949
Motor Vehicle Tax	3,688
Total State Highway Improvement Fund	33,637
Permissive License Registration Fund - Permissive Tax	18,348
Police Pension Fund - Homestead and Rollback Reimbursement	9,441
Fire Pension Fund - Homestead and Rollback Reimbursement	6,406
Total Nonmajor Special Revenue Funds	482,692
Total Governmental Fund Types	$960,062

NOTE 7 – INTERFUND TRANSACTIONS

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

Fund	Transfer In	Transfer Out
General Fund	$0	$289,741
Municipal Income Tax #2 1/2% (Voted)	0	938,000
General Bond Retirement Fund	664,587	0
TIF District-Coshocton Road Fund	0	21,250
Roads and Bridges Capital Improvement	0	215,183
Other Governmental Funds	972,675	173,088
Total Governmental Funds	$1,637,262	$1,637,262

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; and to provide additional resources for current operations or debt service. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14 – 5705.16.

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

	Interfund Loan Receivable	Interfund Loan Payable
General Fund	$0	$1,050,774
TIF District-Coshocton Road Fund	1,050,774	0
Total Governmental Funds	$1,050,774	$1,050,774

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Long-term interfund loans are classified as "Interfund Loans Receivable/Payable." The TIF District-Coshocton Road Fund has advances to the General Fund totaling $1,050,774. The advance to/from arose from a manuscript debt transaction where the proceeds were utilized for fire equipment (Medic and Pumper Truck). The long term advance will be repaid over the next ten years at an interest rate of 3.5%.

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NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

Historical Cost:

Class	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets not being depreciated:				
Land	$16,205,399	$0	$0	$16,205,399
Construction in Progress	1,682,077	510,584	(453,324)	1,739,337
Subtotal	17,887,476	510,584	(453,324)	17,944,736
Capital assets being depreciated:				
Buildings	18,351,209	1,714,066	0	20,065,275
Improvements Other than Building	2,593,652	5,031	0	2,598,683
Infrastructure	58,064,116	377,429	(45,951)	58,395,594
Machinery and Equipment	12,136,948	943,070	(250,891)	12,829,127
Subtotal	91,145,925	3,039,596	(296,842)	93,888,679
Total Cost	$109,033,401	$3,550,180	($750,166)	$111,833,415

Accumulated Depreciation:

Class	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Buildings	($10,314,203)	($662,814)	$0	($10,977,017)
Improvements	(1,184,866)	(83,888)	0	(1,268,754)
Infrastructure	(30,150,428)	(1,129,116)	34,064	(31,245,480)
Machinery and Equipment	(8,883,557)	(804,901)	240,949	(9,447,509)
Total Depreciation	($50,533,054)	($2,680,719)	$275,013	($52,938,760)
Net Value:	$58,500,347			$58,894,655

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$135,782
Leisure Time Activities	447,903
Public Health & Welfare	41,250
Transportation	1,358,087
General Government	697,697
Total Depreciation Expense	$2,680,719

NOTE 8 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

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

Historical Cost:

Class	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets not being depreciated:				
Land	$819,311	$0	$0	$819,311
Construction in Progress	2,389,079	1,917,865	(154,924)	4,152,020
Subtotal	3,208,390	1,917,865	(154,924)	4,971,331
Capital assets being depreciated:				
Buildings	36,409,033	16,500	0	36,425,533
Utility Structures in Service	33,160,272	867,002	0	34,027,274
Machinery and Equipment	5,903,253	424,862	(1,751)	6,326,364
Subtotal	75,472,558	1,308,364	(1,751)	76,779,171
Total Cost	$78,680,948	$3,226,229	($156,675)	$81,750,502

Accumulated Depreciation:

Class	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Buildings	($24,022,459)	($1,221,034)	$0	($25,243,493)
Utility Structures in Service	(16,875,742)	(417,989)	0	(17,293,731)
Machinery and Equipment	(4,616,818)	(441,945)	1,751	(5,057,012)
Total Depreciation	($45,515,019)	($2,080,968)	$1,751	($47,594,236)
Net Value:	$33,165,929			$34,156,266

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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.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $818,087 for 2023. Of this amount, $67,171 is reported as accrued wages and benefits payable.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was $1,287,675 for 2023. Of this amount, $95,452 is reported as accrued wages and benefits payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$10,020,278	$18,693,000	$28,713,278
Proportion of the Net Pension Liability-2023	0.033921%	0.1967885%	
Proportion of the Net Pension Liability-2022	0.033453%	0.1937057%	
Percentage Change	0.000468%	0.0030828%	
Pension Expense	$1,511,179	$2,273,369	$3,784,548

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:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$105,858	$1,686,043	$1,791,901
Differences between expected and actual experience	332,832	280,390	613,222
Net difference between projected and actual earnings on pension plan investments	2,856,093	2,721,469	5,577,562
Change in proportionate share	150,624	264,303	414,927
City contributions subsequent to the measurement date	818,087	1,287,675	2,105,762
Total Deferred Outflows of Resources	$4,263,494	$6,239,880	$10,503,374
Deferred Inflows of Resources			
Changes in assumptions	$0	$364,510	$364,510
Differences between expected and actual experience	0	425,882	425,882
Change in proportionate share	67,827	385,157	452,984
Total Deferred Inflows of Resources	$67,827	$1,175,549	$1,243,376

$2,105,762 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$454,616	$394,194	$848,810
2025	683,164	898,574	1,581,738
2026	840,685	973,234	1,813,919
2027	1,399,115	1,520,277	2,919,392
2028	0	(9,623)	(9,623)
Total	$3,377,580	$3,776,656	$7,154,236

Actuarial Assumptions - OPERS

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2022 and December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	$15,010,043	$10,020,278	$5,869,690

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, compared with January 1, 2021, are presented below.

	January 1, 2022	January 1, 2021
Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

* levered 2.5x
Note: Assumptions are geometric

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$24,659,674	$18,693,000	$13,732,904

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NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

The City's contractually required contribution to OP&F was $29,696 for 2023. Of this amount, $2,149 is reported as accrued wages and benefits payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	$219,364	$1,401,077	$1,620,441
Proportion of the Net OPEB Liability -2023	0.034791%	0.1967885%	
Proportion of the Net OPEB Liability (Asset) -2022	0.034808%	0.1937057%	
Percentage Change	(0.000017%)	0.0030828%	
OPEB Expense (Gain)	($430,572)	$44,614	($385,958)

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	$214,257	$698,219	$912,476
Differences between expected and actual experience	0	83,608	83,608
Net difference between projected and actual earnings on OPEB plan investments	435,665	120,171	555,836
Change in proportionate share	0	25,164	25,164
City contributions subsequent to the measurement date	0	29,696	29,696
Total Deferred Outflows of Resources	$649,922	$956,858	$1,606,780
Deferred Inflows of Resources			
Changes in assumptions	$17,629	$1,145,966	$1,163,595
Differences between expected and actual experience	54,719	276,265	330,984
Change in proportionate share	0	177,301	177,301
Total Deferred Inflows of Resources	$72,348	$1,599,532	$1,671,880

$29,696 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$71,928	($90,513)	($18,585)
2025	159,328	(79,764)	79,564
2026	135,856	(66,440)	69,416
2027	210,462	(35,390)	175,072
2028	0	(120,664)	(120,664)
2029	0	(131,548)	(131,548)
2030	0	(142,354)	(142,354)
2031	0	(5,697)	(5,697)
Total	$577,574	($672,370)	($94,796)

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index").

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	$746,615	$219,364	$215,704

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	$205,615	$219,364	$234,839

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate	4.27 percent	2.84 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

* levered 2.5x
Note: Assumptions are geometric

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	$1,725,295	$1,401,077	$1,127,354

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

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

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

			Balance December 31, 2022	Additions	(Reductions)	Balance December 31, 2023	Amounts Due Within One Year
Business-Type Activities:							
General Obligation Bonds:							
2.61%	W/W Refunding 2009B	2015	$1,085,000	$0	($145,000)	$940,000	$145,000
2.51%	Water Refunding 2007	2015	166,000	0	(33,200)	132,800	34,800
2.51%	W/W Refunding 2007	2015	987,500	0	(186,750)	800,750	195,750
Total General Obligation Bonds Payable			2,238,500	0	(364,950)	1,873,550	375,550
Special Obligation Bonds:							
2.60%	Water - Building Project	2012	335,000	0	(63,750)	271,250	65,000
2.60%	Wastewater -Building Project	2012	335,000	0	(63,750)	271,250	65,000
Total Special Obligation Bonds Payable			670,000	0	(127,500)	542,500	130,000
Ohio Public Works Commission Loan - Direct Borrowing:							
0.000%	Water Improvements	2009	70,131	0	(9,351)	60,780	9,351
Ohio Water Development Authority - Direct Borrowing:							
1.160%	Wastewater Improvements	2011	3,796,566	0	(360,202)	3,436,364	364,393
Compensated Absences			194,388	220,458	(194,388)	220,458	70,227
Total Business-Type Activities			$6,969,585	$220,458	($1,056,391)	$6,133,652	$949,521

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NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

			Balance December 31, 2022	Additions	(Reductions)	Balance December 31, 2023	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bond:							
2.00- 4.250%	Highway Project	2009	$925,000	$0	($115,000)	$810,000	$120,000
2.51%	Water Park Refund 2007	2015	1,029,150	0	(195,050)	834,100	204,450
2.78%	Highway Project	2019	1,985,000	0	(160,000)	1,825,000	160,000
Total General Obligation Bonds Payable			3,939,150	0	(470,050)	3,469,100	484,450
Special Obligation Bonds:							
2.60%	Building Project	2012	670,000	0	(127,500)	542,500	130,000
Total Special Obligation Bonds Payable			670,000	0	(127,500)	542,500	130,000
Ohio Public Works Commission Loans - Direct Borrowing:							
0.000%	OPWC Loan Payable	2003	42,500	0	(21,250)	21,250	21,250
0.000%	OPWC Loan Payable	2009	46,875	0	(6,250)	40,625	6,250
0.000%	OPWC Loan Payable	2019	488,794	0	(27,930)	460,864	27,930
Total OPWC Loans Payable			578,169	0	(55,430)	522,739	55,430
Compensated Absences			1,635,822	1,496,959	(1,635,822)	1,496,959	454,026
Police and Firemen's Pension Accrued Liability			267,415	0	(16,685)	250,730	17,402
Total Governmental Activities			$7,090,556	$1,496,959	($2,305,487)	$6,282,028	$1,141,308

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. <u>Long-term Debt Purpose</u>

Business Type Activities: Wastewater Improvements (2009) was for relining of wastewater lines and manhole rehabilitation. Wastewater Improvements (2011) was for upgrades to electrical and instrumentation at treatment plant. Water and Wastewater building project (2012) was for the construction of a combined maintenance facility building for the Distribution and Collection Departments.

Ohio Water Development Authority, as administrator for the U. S. Environmental Protection Agency (EPA), provided funding for the construct a septage receiving station and electrical and instrumentation upgrades in 2011. In 2015, Advanced Refunding Bonds were issued to pay off the 2007 Various Purpose bonds for Waterworks and Wastewater Treatment Facility. These bonds were for the construction of a water line and wastewater improvements to the influent screening process. Wastewater Improvement Refunding Bonds were issued to retire Various Purpose Bonds, Series 2012 (B) that provided for relining of two main inceptor lines.

		Original Issue
Business-Type Activities		
General Obligation Bonds:		
Water Refunding 2007	2015	$330,000
Wastewater Refunding 2007	2015	2,095,000
Total General Obligation Bonds		2,425,000
Special Obligation Bonds:		
Wastewater-Building Project	2012	887,500
Water-Building Project	2012	887,500
Total Special Obligation Bonds		1,775,000
Ohio Public Works Commission Loan:		
Wastewater Improvements	2009	125,362
Ohio Water Development Authority Loan:		
Wastewater Improvements	2011	7,178,446
Total Business Type Activities		$11,503,808

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Long-term Debt Purpose (Continued)

Governmental Activities: Water Park Facility (2007) was for the construction of a new water park/pool complex. Highway Project (2009) was for road improvements to Blackjack Road. Building Project (2012) was for the construction of a combined maintenance facility building for the Street Department. Water Park Facility Refunding (2015) was for the construction of a new water park/pool complex.

General Obligation Bonds:		
Highway Project	2009	$2,165,000
Water Park Facility Refunding 2007	2015	2,007,500
HIghway Project	2019	2,600,000
Total General Obligation Bonds		6,772,500
Special Obligation Bonds:		
Building Project	2012	1,775,000
Total Special Obligation Bonds		1,775,000
Ohio Public Works Commission Loan:		
OPWC Loan Payable	2003	425,000
OPWC Loan Payable	2009	125,000
OPWC Loan Payable	2019	558,620
Total Ohio Public Works Commission Loan Payable		1,108,620
Total Governmental Activities		$9,656,120

B. Police and Firemen's Pension Fund

The City’s liability for past service costs related to the Police and Firemen’s Pension Fund at December 31, 2023 was $319,312 in principal and interest payments through the year 2035.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. <u>Principal and Interest Requirements</u>

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

Business-type Activities:

	General Obligation Bonds		Ohio Public Works Commission Loan	
Years	Principal	Interest	Principal	Interest
2024	$375,550	$48,147	$9,351	$0
2025	380,550	38,576	9,351	0
2026	393,500	28,874	9,351	0
2027	401,150	18,842	9,351	0
2028	165,000	8,613	9,351	0
2029-2031	157,800	4,305	14,025	0
Totals	$1,873,550	$147,357	$60,780	$0

	Ohio Water Development Authority Loan		Special Obligation Bonds	
Years	Principal	Interest	Principal	Interest
2024	$364,393	$38,808	$130,000	$14,144
2025	368,632	34,569	135,000	10,724
2026	372,921	30,280	137,500	7,216
2027	377,259	25,942	140,000	3,640
2028	381,648	21,553	0	0
2029-2031	1,571,511	41,293	0	0
Totals	$3,436,364	$192,445	$542,500	$35,724

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. <u>Principal and Interest Requirements</u> (Continued)

Governmental Activities:

	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2024	$484,450	$105,800	$17,402	$10,473	$55,430	$0
2025	494,450	91,420	18,149	9,726	34,181	0
2026	511,500	76,389	18,928	8,946	34,181	0
2027	528,700	60,829	19,741	8,134	34,181	0
2028	325,000	44,647	20,589	7,286	34,181	0
2029-2033	1,125,000	89,080	117,000	22,377	149,030	0
2034-2038	0	0	38,921	1,640	139,659	0
2039-2040	0	0	0	0	41,896	0
Totals	$3,469,100	$468,165	$250,730	$68,582	$522,739	$0

	Special Obligation Bonds	
Years	Principal	Interest
2024	$130,000	$14,144
2025	135,000	10,725
2026	137,500	7,215
2027	140,000	3,640
Totals	$542,500	$35,724

NOTE 12 – COMPENSATED ABSENCES

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at yearend are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2023, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	Hours	Amount
Sick Leave	62,798	$976,195
Vacation	15,210	448,185
Compensatory Time	2,563	72,579
Total	80,571	$1,496,959

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

<u>Casualty and Property Coverage</u>

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained $350,000 for casualty claims and $100,000 for property claims. The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. As a result of this risk analysis, PEP has elected to increase its retention for casualty and property claims to $500,000 and $250,000, respectively, effective January 1, 2019.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

NOTE 13 - RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2022 and 2023:

	2022	2023
Assets	$ 42,310,794	$ 43,996,442
Liabilities	15,724,479	19,743,401
Net Assets	$ 26,586,315	$ 24,253,041

As of December 31, 2023, the City's share of these unpaid claims collectible in future years is approximately $457,276.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

	Contributions to PEP
2022	$ 228,638
2023	230,714

After one year of membership, members may withdraw on the anniversary of the date of joined PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

NOTE 14 - SIGNIFICANT COMMITMENTS

A. Construction Commitments

As of December 31, 2023, the City had the following commitments with respect to capital projects:

Contractual Commitments	Remaining Contractual Commitments	Expected Date of Completion
Driver	$388,880	August 2024
Smith Paving	$724,948	July 2024
Palmer & Son	$624,720	May 2024
General Restoration	$1,118,080	September 2024

B. Encumbrances

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

Governmental Funds:	
General Fund	$1,947,561
1/2% Tax #2 Voted Fund	185,717
Community Development Block Grant Fund	30,520
Roads & Bridges	628,398
Capital Improvement Fund	461,182
TIF District - Coshocton Road Fund	310,489
Other Governmental Funds	369,013
Total Governmental Funds	3,932,880
Enterprise Funds:	
Water Fund	3,616,312
Storm Water Fund	852,960
Sewer Fund	1,550,465
Total Enterprise Funds	6,019,737
Total	$9,952,617

NOTE 15 - CONTINGENCIES

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

NOTE 16 - CONDUIT DEBT OBLIGATIONS

The City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition, construction, renovation, installation and equipping of a 65,000 square foot expansion to the Prince Student Union, which will include a new arena and other intercollegiate athletic facilities, academic and office space facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The City has issued Economic Development Revenue Refunding Bonds, Series 2022, in the amount of $6,860,000 for the above described bonds, on March 1, 2022. All related provisions as described above remain in place and the City has no financial obligation for repayment of the bonds. As of December 31, 2023, Economic Development Revenue Refunding Bonds outstanding for the Mount Vernon Nazarene University totaled $6,725,625.

REQUIRED SUPPLEMENTARY INFORMATION

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

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.033673%	0.033673%	0.033191%	0.033942%
City's proportionate share of the net pension liability	$3,969,608	$4,061,340	$5,749,100	$7,707,651
City's covered payroll	$4,439,377	$3,719,758	$4,089,550	$4,548,125
City's proportionate share of the net pension liability as a percentage of its covered payroll	89.42%	109.18%	140.58%	169.47%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.1944451%	0.1944451%	0.191546%	0.199149%
City's proportionate share of the net pension liability	$9,470,086	$10,073,067	$12,322,265	$12,613,957
City's covered payroll	$3,624,240	$3,757,673	$3,788,456	$4,187,303
City's proportionate share of the net pension liability as a percentage of its covered payroll	261.30%	268.07%	325.26%	301.24%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

2018	2019	2020	2021	2022	2023
0.032618%	0.032940%	0.033382%	0.032476%	0.033453%	0.033921%
$5,117,132	$9,021,598	$6,598,179	$4,808,989	$2,910,546	$10,020,278
$4,310,262	$4,525,193	$4,638,229	$4,574,114	$4,902,836	$5,181,007
118.72%	199.36%	142.26%	105.13%	59.36%	193.40%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%

2018	2019	2020	2021	2022	2023
0.204802%	0.197761%	0.201704%	0.2009094%	0.1937057%	0.1967885%
$12,569,623	$16,142,523	$13,587,879	$13,696,175	$12,101,612	$18,693,000
$4,394,677	$4,380,180	$4,691,652	$4,958,743	$4,822,190	$5,210,830
286.02%	368.54%	289.62%	276.20%	250.96%	358.73%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

Schedule of City Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$446,371	$490,746	$545,775	$560,334
Contributions in relation to the contractually required contribution	446,371	490,746	545,775	560,334
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,719,758	$4,089,550	$4,548,125	$4,310,262
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$814,678	$821,716	$905,295	$944,416
Contributions in relation to the contractually required contribution	814,678	821,716	905,295	944,416
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,757,673	$3,788,456	$4,187,303	$4,394,677
Contributions as a percentage of covered payroll	21.68%	21.69%	21.62%	21.49%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

2018	2019	2020	2021	2022	2023
$633,527	$649,352	$640,376	$686,397	$725,341	$818,087
633,527	649,352	640,376	686,397	725,341	818,087
$0	$0	$0	$0	$0	$0
$4,525,193	$4,638,229	$4,574,114	$4,902,836	$5,181,007	$5,843,479
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2018	2019	2020	2021	2022	2023
$946,995	$1,013,866	$1,069,105	$1,045,933	$1,130,229	$1,287,675
946,995	1,013,866	1,069,105	1,045,933	1,130,229	1,287,675
$0	$0	$0	$0	$0	$0
$4,380,180	$4,691,652	$4,958,743	$4,822,190	$5,210,830	$5,939,460
21.62%	21.61%	21.56%	21.69%	21.69%	21.68%

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

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.036070%	0.034640%	0.034724%
City's proportionate share of the net OPEB liability (asset)	$3,643,193	$3,761,649	$4,527,189
City's covered payroll	$4,548,125	$4,310,262	$4,525,193
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	80.10%	87.27%	100.04%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability	0.199149%	0.204802%	0.197761%
City's proportionate share of the net OPEB liability	$9,453,155	$11,603,795	$1,800,917
City's covered payroll	$4,187,303	$4,394,677	$4,380,180
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	225.76%	264.04%	41.12%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2017 is not available.
The schedule is reported as of the measurement date of the Net OPEB Liability (Asset) which is prior year end.

2020	2021	2022	2023
0.035036%	0.034113%	0.034808%	0.034791%
$4,839,382	($607,750)	($1,090,240)	$219,364
$4,638,229	$4,574,114	$4,902,836	$5,181,007
104.34%	(13.29%)	(22.24%)	4.23%
47.80%	115.57%	128.23%	94.79%

2020	2021	2022	2023
0.2017043%	0.2009094%	0.1937057%	0.1967885%
$1,992,381	$2,128,668	$2,123,181	$1,401,077
$4,691,652	$4,958,743	$4,822,190	$5,210,830
42.47%	42.93%	44.03%	26.89%
47.08%	45.42%	46.86%	52.59%

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

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	$74,395	$81,791	$90,963	$43,100
Contributions in relation to the contractually required contribution	74,395	81,791	90,963	43,100
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,719,758	$4,089,550	$4,548,125	$4,310,262
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	$18,716	$18,945	$20,969	$21,976
Contributions in relation to the contractually required contribution	18,716	18,945	20,969	21,976
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$3,757,673	$3,788,456	$4,187,303	$4,394,677
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

2018	2019	2020	2021	2022	2023
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$4,525,193	$4,638,229	$4,574,114	$4,902,836	$5,181,007	$5,843,479
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2018	2019	2020	2021	2022	2023
$21,902	$23,453	$24,789	$24,116	$26,052	$29,696
21,902	23,453	24,789	24,116	26,052	29,696
$0	$0	$0	$0	$0	$0
$4,380,180	$4,691,652	$4,958,743	$4,822,190	$5,210,830	$5,939,460
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

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

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

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

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

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

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

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

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

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

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

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

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

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

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

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

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

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Changes in assumptions:

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

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

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

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

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

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

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

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

Changes in assumptions:

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

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

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

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

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

NET OPEB LIABILITY (ASSET) (Continued)

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

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

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CITY OF MOUNT VERNON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor Federal Grantor Agency Division State Pass Through Grantor Program Title	Pass-Through Entity Number		Federal Assistance Listing Number	Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Ohio Department of Development				
CDBG Allocation: Critical Infrastructure Grant	A-X-22-2-CP-1		14.228	$ 17,800
CDBG Allocation: Neighborhood Revitalization Grant	A-F-22-2-CP-1		14.228	36,400
CDBG Allocation: Residential Public Infrastructure Grant	A-W-22-2-CP-1		14.228	249,276
Total CDBG				303,476
Home Investsment Partnerships Program (HOME)	A-C-20-2-CP-1		14.239	32,565
Home Investsment Partnerships Program (HOME)	A-C-20-2-CP-2		14.239	33,977
Total HOME				66,542
Total United States Department of Housing and Urban Development		**TOTAL**		**370,018**
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through the Ohio Attorney General Office				
Crime Victim Assistance	n/a		16.575	41,116
Passed through the Ohio Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant	2022-JG-A03-6216E		16.738	15,750
Total United States Department of Justice		**TOTAL**		**56,866**
UNITED STATES DEPARTMENT OF TRANSPORTATION				
FEDERAL HIGHWAY ADMINISTRATION				
Passed through the Ohio Department of Transportation				
Highway Planning and Construction				
KNO SR 13 10.20	PID # 113850		20.205	30,788
KNO SR 13 10.33	PID # 116840		20.205	257,492
Total United States Department of Transportation		**TOTAL**		**288,280**
UNITED STATES DEPARTMENT OF TREASURY				
Passed through the Ohio Department of Emergency Management				
COVID-19 - Coronavirus State and Local Fisccal Recovery Funds	DPSFE270		21.027	764,626
Total United States Department of Treasury		**TOTAL**		**764,626**
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through the Ohio Department of Emergency Management				
Staffing for Adequate Fire and Emergency Reponse (SAFER)			97.083	129,580
Total Federal Emergency Management Agency		**TOTAL**		**129,580**
TOTAL FEDERAL EXPENDITURES				**$ 1,609,370**

CITY OF MOUNT VERNON
KNOX COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Mount Vernon under programs of the federal government for the year ended 2023. The information on this Schedule is prepared 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 of Mount Vernon, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Mount Vernon.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City of Mount Vernon has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the City of Mount Vernon local program income account as of 2023 is $41,390.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

To the City Council
City of Mount Vernon, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, 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 December 13, 2024, wherein we noted the City restated beginning net position for a correction of an error.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-004 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-005.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City'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.

Columbus, Ohio
December 13, 2024

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

To the City Council
City of Mount Vernon, Ohio:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
December 13, 2024

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	yes
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Noncompliance material to financial statements noted?	yes

Federal Awards

Internal Control over major program:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major 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

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 Annual Report Filing – Noncompliance

Ohio Rev. Code §§ 117.38 OAC 117-2-3(B) requires annual reports to be filed with the Auditor of State within 150 days of their fiscal year end. The City did not file its annual reports until September 5, 2024 and did not receive an approved extension from the Auditor of State.

We recommend the City ensure that the annual reports are submitted before the due date. This requires a timely preparation of the underlying schedules to the annual reports to allow time for full review before the Hinkle filing deadline.

Views of Responsible Officials: *See Corrective Action Plan*

2023-002 Financial Reporting – Material Weakness

During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed.

The following audit adjustments were necessary:

- A restatement to beginning fund net position was required to correct accounts receivable entries recorded in improper funds in the prior year.
- Entry to record accounts payable.
- Entry to correct accrued wages.
- Entry to reduce accounts receivable and deferred inflows in the CDBG fund.

We recommend the City enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with third-party consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

Views of Responsible Officials: *See Corrective Action Plan*

2023-003 Segregation of Duties – Material Weakness

The segregation of financial duties is important to adequately protect the City's assets and ensure accurate financial reporting. We noted lack of segregation of duties over the following areas within the City Auditor's Office:

- The City Auditor was responsible for reconciling and closing out cash drawers, posting receipts, and making deposits for the waterpark.
- The City Auditor was responsible for receipting funds, posting receipts to the general ledger, making deposits, and reconciling bank accounts.
- The City Auditor was capable of making disbursements, processing payroll, and making journal entries in the accounting system with no review or approval.

Without proper segregation of duties, the risk increases that errors or fraud could occur and not be detected within a timely basis.

We recommend the City work to create segregation of duties over financial transactions and where segregation of duties is not practical, the City should implement strong, detailed monitoring controls.

Views of Responsible Officials: *See Corrective Action Plan*

2023-004 Medical Insurance Premiums and Other Withholdings – Significant Deficiency

During the course of our audit, we noted poor documentation and support over withholding amounts for medical insurance premiums and other withholdings. Especially with medical premiums, there was not proper support or tracking of wellness credits that reduced medical premiums for employees that earned the credits.

We recommend the City review all medical insurance premiums and other withholdings recorded in the system and ensure employees premiums are being withheld at the proper amounts. We also recommend the City implement better processes to ensure withholdings are better documented in the future.

Views of Responsible Officials: *See Corrective Action Plan*

2023-005 Payout of Sick Leave – Noncompliance

City policy dictates that "except for terminations for just cause, an employee may elect at the time of separation from active service with the City, after ten years of service with the City, be paid in cash for one-half of the value of his/her accrued but unused sick leave." If an employee is terminated for cause, the City will allow the employee to transfer unused sick leave to another government employer, but will not permit the employee to convert sick leave to payment.

During 2023, an employee was terminated for cause and was paid $12,363.25 in cash for unused sick leave. The payment contradicts City policy and was allowed to happen, in part, due to the lack of segregation of duties in the City Auditor's office.

We recommend the City implement stronger controls over payroll and other disbursements, including improving on segregation of duties identified in Finding 2023-003.

Views of Responsible Officials: *See Corrective Action Plan*

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

Mount Vernon

CITY AUDITOR'S OFFICE

40 Public Square
Mount Vernon, Ohio 43050
740-393-9521

Paul J. Mayville
City Auditor
mtvauditor@mountvernonohio.org

Monday - Friday
8:00 am - 4:00 pm

CORRECTIVE ACTION PLAN
December 31, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The City has contracted with a third party GAAP consultant to file the Hinkle filing for 2024.	May 30, 2025	Paul Mayville City Auditor 740-393-9523
2023-002	The City has contracted with a third party GAAP consultant to prepare the 2024 financial statements and will review the statements once prepared.	May 30, 2025	Paul Mayville City Auditor 740-393-9523
2023-003	The City will work to implement stronger controls and focus on segregation of duties when developing policies and procedures.	December 31, 2024	Paul Mayville City Auditor 740-393-9523
2023-004	The City will work to implement stronger controls and focus on segregation of duties when developing policies and procedures.	December 31, 2024	Paul Mayville City Auditor 740-393-9523
2023-005	The City will work to implement stronger controls and focus on segregation of duties when developing policies and procedures.	December 31, 2024	Paul Mayville City Auditor 740-393-9523

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Emily Ziegman
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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF MOUNT VERNON

KNOX 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 6/17/2025

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