

CITY OF DELPHOS, OHIO
ALLEN COUNTY

FOR THE
YEAR ENDED
DECEMBER
31, 2021

REGULAR
AUDIT

Rehmann

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Delphos
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We have reviewed the *Independent Auditor's Report* of the City of Delphos, Allen County, prepared by Rehmann Robson, for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Keith Faber
Auditor of State
Columbus, Ohio

August 12, 2022

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CITY OF DELPHOS
ALLEN COUNTY, OHIO
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INDEPENDENT AUDITORS' REPORT

June 30, 2022

Honorable members of the City Council
of City of Delphos, 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 Delphos, Ohio** (the "City"), as of and for the year ended December 31, 2021, 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, based on our audit, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue 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. Our responsibilities under those standards are further described in the Independent 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.

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparisons for the general fund and each major special revenue fund, and the schedules for the pension and other postemployment benefit plans, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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.

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City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The discussion and analysis of the City of Delphos' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$5,503,968, an increase from 2020. Net position of governmental activities increased \$3,217,921. Net position of business-type activities increased \$2,286,047.
- Total capital assets increased \$2,962,344 in 2021. Capital assets of governmental activities increased \$3,255,254 and capital assets of business-type activities decreased \$292,910.
- Outstanding debt decreased from \$25,404,573 to \$23,404,216.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the City reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

Using this Annual Financial Report

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

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2021 and how they affected the operations of the City as a whole.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

A question typically asked about the City's finances "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, street maintenance fund, the income tax fund, the park fund and the ODOT state highway paving fund.

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

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Assets						
Current & Other Assets	\$ 6,643,410	\$ 6,716,292	\$ (72,882)	\$ 3,762,549	\$ 3,778,918	\$ (16,369)
Net OPEB Asset	59,718	-	59,718	97,435	-	97,435
Capital Assets	9,122,189	5,866,935	3,255,254	43,768,512	44,061,422	(292,910)
<i>Total Assets</i>	<u>15,825,317</u>	<u>12,583,227</u>	<u>3,242,090</u>	<u>47,628,496</u>	<u>47,840,340</u>	<u>(211,844)</u>
Deferred Outflows of Resources						
Pension & OPEB	1,254,030	1,386,244	(132,214)	259,274	442,597	(183,323)
<i>Total Deferred Outflows of Resources</i>	<u>1,254,030</u>	<u>1,386,244</u>	<u>(132,214)</u>	<u>259,274</u>	<u>442,597</u>	<u>(183,323)</u>
Liabilities						
Current & Other Liabilities	527,986	222,387	305,599	267,281	391,833	(124,552)
Long-Term Liabilities:						
Due Within One Year	112,323	130,928	(18,605)	2,974,415	3,039,939	(65,524)
Due In More Than One Year:						
Net Pension Liability	3,563,544	3,657,561	(94,017)	837,752	1,083,587	(245,835)
Net OPEB Liability	474,045	950,327	(476,282)	-	730,632	(730,632)
Other Amounts	444,187	404,570	39,617	20,874,998	22,715,734	(1,840,736)
<i>Total Liabilities</i>	<u>5,122,085</u>	<u>5,365,773</u>	<u>(243,688)</u>	<u>24,954,446</u>	<u>27,961,725</u>	<u>(3,007,279)</u>
Deferred Inflows of Resources						
Property Taxes	420,977	417,416	3,561	-	-	-
Pension & OPEB	1,104,448	972,366	132,082	660,032	333,967	326,065
<i>Total Deferred Inflows of Resources</i>	<u>1,525,425</u>	<u>1,389,782</u>	<u>135,643</u>	<u>660,032</u>	<u>333,967</u>	<u>326,065</u>
Net Position						
Net Investment in Capital Assets	9,109,933	5,853,698	3,256,235	20,343,874	19,143,052	1,200,822
Restricted	1,252,785	2,715,173	(1,462,388)	-	-	-
Unrestricted	69,119	(1,354,955)	1,424,074	1,929,418	844,193	1,085,225
<i>Total Net Position</i>	<u>\$ 10,431,837</u>	<u>\$ 7,213,916</u>	<u>\$ 3,217,921</u>	<u>\$ 22,273,292</u>	<u>\$ 19,987,245</u>	<u>\$ 2,286,047</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

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

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

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

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

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

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

City of Delphos
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Management's Discussion and Analysis
For the Year Ended December 31, 2021

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

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

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

For governmental type activities, the City saw an increase in capital assets. Capital assets increased as significant ODOT construction projects were in progress in 2021. Current and other liabilities increased due to unearned revenue from ARPA grant money received and not expended at December 31, 2021.

For business type activities, the City saw a decrease in depreciable capital assets. Overall capital assets decreased due to depreciation exceeding additions. Long term debt decreased due to principal payments on debt.

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

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City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 618,051	\$ 581,086	\$ 36,965	\$ 5,730,113	\$ 5,957,305	\$ (227,192)
Operating Grants	594,669	1,180,682	(586,013)	-	-	-
Capital Grants	1,457,468	323,672	1,133,796	341,876	-	341,876
<i>Total Program Revenues</i>	<u>2,670,188</u>	<u>2,085,440</u>	<u>584,748</u>	<u>6,071,989</u>	<u>5,957,305</u>	<u>114,684</u>
<i>General Revenues</i>						
Property Taxes	456,161	447,807	8,354	-	-	-
Income Taxes	4,764,837	3,682,946	1,081,891	-	-	-
Grants & Entitlements	286,093	206,189	79,904	-	-	-
Investment Earnings	13,135	42,065	(28,930)	-	-	-
Miscellaneous	20,307	154,670	(134,363)	38,429	55,922	(17,493)
<i>Total General Revenues</i>	<u>5,540,533</u>	<u>4,533,677</u>	<u>1,006,856</u>	<u>38,429</u>	<u>55,922</u>	<u>(17,493)</u>
<i>Total Revenues</i>	<u>8,210,721</u>	<u>6,619,117</u>	<u>1,591,604</u>	<u>6,110,418</u>	<u>6,013,227</u>	<u>97,191</u>
Program Expenses						
General Government	187,516	627,926	(440,410)	-	-	-
Security of Persons and Property	2,514,904	2,683,935	(169,031)	-	-	-
Public Health	47,610	47,609	1	-	-	-
Leisure Time Services	442,026	591,997	(149,971)	-	-	-
Transportation	904,847	806,187	98,660	-	-	-
Enterprise Operations						
Water	-	-	-	1,864,332	2,023,929	(159,597)
Sewer	-	-	-	2,373,272	2,494,137	(120,865)
Sanitation	-	-	-	482,664	531,471	(48,807)
<i>Total Program Expenses</i>	<u>4,096,903</u>	<u>4,757,654</u>	<u>(660,751)</u>	<u>4,720,268</u>	<u>5,049,537</u>	<u>(329,269)</u>
Transfers	(895,897)	(613,177)	(282,720)	895,897	613,177	282,720
<i>Change in Net Position</i>	3,217,921	1,248,286	1,969,635	2,286,047	1,576,867	709,180
<i>Net Position Beginning of Year</i>	7,213,916	5,965,630	1,248,286	19,987,245	18,410,378	1,576,867
<i>Net Position End of Year</i>	<u>\$ 10,431,837</u>	<u>\$ 7,213,916</u>	<u>\$ 3,217,921</u>	<u>\$ 22,273,292</u>	<u>\$ 19,987,245</u>	<u>\$ 2,286,047</u>

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

Governmental Activities

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

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

City of Delphos
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Management's Discussion and Analysis
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The City saw a decrease in operating grants as well as an increase in capital grants during 2021. The decrease in operating grants can be mainly attributed from the prior year coronavirus relief funding. The increase in capital grants is primarily the result of contributions and donations received for the City's ODOT projects.

Police and fire represent the largest expense of the Governmental Activities. The police and fire departments operate primarily out of the general fund. The decrease in general government and security of persons and property is due primarily to changes in expenses associated with GASB 68 and 75.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling.

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

Business-Type Activities

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. Business-type transfers increased significantly during 2021. Capital grants increased in 2021, primarily the result of an OWDA loan forgiveness. See aforementioned discussion above for additional details on the change. See discussion regarding proprietary funds for more analysis.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

	Fund Balance <u>12/31/2021</u>	Fund Balance <u>12/31/2020</u>	Increase <u>(Decrease)</u>
General	\$ 2,955,479	\$ 2,237,253	\$ 718,226
Street Maintenance	300,330	182,609	117,721
Income Tax	459,342	218,266	241,076
Park	266,637	193,995	72,642
ODOT State Highway	23,691	1,753,214	(1,729,523)
Other Governmental	562,063	487,250	74,813
Total	<u>\$ 4,567,542</u>	<u>\$ 5,072,587</u>	<u>\$ (505,045)</u>

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The general fund is the chief operating fund of the City. The fund balance of the general fund increased almost \$.7 million during the current fiscal year. This increase is primarily the result of normal operations.

The Street Maintenance fund balance increase by \$117,721 due to timing of state funding as compared to project expenditures.

The Income Tax fund balance increase by \$241,076. This result was primarily due to the timing of allocations to other funds.

The Park fund balance increased by \$72,642. There were no significant events that contributed to this change.

The ODOT State Highway fund balance decreased by \$1.7 million. At December 31, 2020, the City had approximately \$1.7 of cash on deposit with ODOT, which represented the City's share of the paving project. This cash was expended during 2021 as the project commenced.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the water fund at the end of the year was \$333,929, the sewer fund was \$1,605,919, and the sanitation fund was a deficit of \$531. Total growth in net position for the water, sewer and sanitation funds was \$1,073,712, \$1,246,383, and \$10,232, respectively. All funds were impacted by the accruals for pension and OPEB.

General Fund Budgeting Highlights

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

During the course of 2021, the City did not amend its general fund budget. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

Final Budget Compared to Actual Results

Actual revenues were higher than budgeted amounts as income tax collections were higher than estimated, partially due to the sale of a large local business that resulted in large employee profit-sharing payouts. Actual expenditures were significantly less than final budget amounts due to the City appropriating the total amount legally available for appropriation.

There were no significant variances to discuss within other financing sources and uses.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Capital Assets and Debt Administration

Capital Assets

Overall, capital assets of governmental activities increased significantly in 2021. The City had three ODOT constructions projects in progress during 2021, which resulted in a construction in progress balance of approximately \$3.7 million at year end.

Capital assets of business-type activities decreased slightly in 2021. The most significant addition was the completion of the 5th Street waterline replacement project (approximately \$950,000). However, this was offset by current year depreciation expense, resulting in an overall decrease.

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

Debt

The City's outstanding debt decrease is primarily due to principal retirement and loan forgiveness. This decrease was offset by additional drawdowns during 2021 on OWDA & OPWC loans. See note 13 for additional information about the City's outstanding debt.

The City paid their capital lease in full during 2021. See note 14 for additional information about the City's capital lease.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Auditor of City of Delphos, 608 North Canal Street, Delphos, Ohio 45833-2401 or call (419) 695-4010.

City of Delphos
Allen County, Ohio
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,277,482	\$ 3,064,713	\$ 7,342,195
Cash and Cash Equivalents with Fiscal Agents	27,234	-	27,234
Accounts Receivable	149,991	697,147	847,138
Intergovernmental Receivable	405,169	-	405,169
Property and Other Local Taxes Receivable	429,196	-	429,196
Income Taxes Receivable	1,201,149	-	1,201,149
Internal Balances	109,899	(109,899)	-
Prepaid Items	43,290	32,642	75,932
Restricted Cash and Cash Equivalents	-	77,946	77,946
Net OPEB Asset	59,718	97,435	157,153
Non-Depreciable Capital Assets	4,225,244	1,554,370	5,779,614
Depreciable Capital Assets, net	4,896,945	42,214,142	47,111,087
<i>Total Assets</i>	<u>15,825,317</u>	<u>47,628,496</u>	<u>63,453,813</u>
Deferred Outflows of Resources			
Pension	798,357	175,294	973,651
OPEB	455,673	83,980	539,653
<i>Total Deferred Outflows of Resources</i>	<u>1,254,030</u>	<u>259,274</u>	<u>1,513,304</u>
Liabilities			
Accounts Payable	50,756	139,788	190,544
Accrued Wages	29,832	17,056	46,888
Contracts Payable	12,256	20,422	32,678
Intergovernmental Payable	28,896	12,069	40,965
Claims Payable	46,403	-	46,403
Refundable Deposits	-	77,946	77,946
Unearned Revenue	359,843	-	359,843
Long-Term Liabilities:			
Due Within One Year	112,323	2,974,415	3,086,738
Due In More Than One Year:			
Net Pension Liability	3,563,544	837,752	4,401,296
Net OPEB Liability	474,045	-	474,045
Other Amounts Due in More Than One Year	444,187	20,874,998	21,319,185
<i>Total Liabilities</i>	<u>5,122,085</u>	<u>24,954,446</u>	<u>30,076,531</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	420,977	-	420,977
Pension	686,709	362,058	1,048,767
OPEB	417,739	297,974	715,713
<i>Total Deferred Inflows of Resources</i>	<u>1,525,425</u>	<u>660,032</u>	<u>2,185,457</u>
Net Position			
Net Investment in Capital Assets	9,109,933	20,343,874	29,453,807
Restricted for:			
Capital Outlay	202,771	-	202,771
Streets	547,218	-	547,218
Public Safety	212,926	-	212,926
Economic Development	6,204	-	6,204
Other Purposes	283,666	-	283,666
Unrestricted	69,119	1,929,418	1,998,537
<i>Total Net Position</i>	<u>\$ 10,431,837</u>	<u>\$ 22,273,292</u>	<u>\$ 32,705,129</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 187,516	\$ 162,802	\$ 3,486	\$ -	\$ (21,228)	\$ -	\$ (21,228)
Security of Persons and Property	2,514,904	351,980	18,370	3,500	(2,141,054)	-	(2,141,054)
Public Health	47,610	-	-	-	(47,610)	-	(47,610)
Leisure Time Services	442,026	100,614	1,350	-	(340,062)	-	(340,062)
Community Development	-	855	-	-	855	-	855
Transportation	904,847	1,800	571,463	1,453,968	1,122,384	-	1,122,384
<i>Total Governmental Activities</i>	<u>4,096,903</u>	<u>618,051</u>	<u>594,669</u>	<u>1,457,468</u>	<u>(1,426,715)</u>	<u>-</u>	<u>(1,426,715)</u>
Business-Type Activities							
Water	1,864,332	2,545,856	-	341,876	-	1,023,400	1,023,400
Sewer	2,373,272	2,692,393	-	-	-	319,121	319,121
Sanitation	482,664	491,864	-	-	-	9,200	9,200
<i>Total Business-Type Activities</i>	<u>4,720,268</u>	<u>5,730,113</u>	<u>-</u>	<u>341,876</u>	<u>-</u>	<u>1,351,721</u>	<u>1,351,721</u>
<i>Total</i>	<u>\$ 8,817,171</u>	<u>\$ 6,348,164</u>	<u>\$ 594,669</u>	<u>\$ 1,799,344</u>	<u>(1,426,715)</u>	<u>1,351,721</u>	<u>(74,994)</u>
General Revenues							
Property and Other Local Taxes Levied for:							
General Purposes					395,045	-	395,045
Police and Fire Pension					61,116	-	61,116
Income Taxes Levied for:							
General Purposes					2,712,505	-	2,712,505
Administrative and Sewer System Improvements					1,386,894	-	1,386,894
Parks and Recreation					665,438	-	665,438
Grants and Entitlements not Restricted to Specific Programs					286,093	-	286,093
Investment Earnings					13,135	-	13,135
Miscellaneous					20,307	38,429	58,736
<i>Total General Revenues</i>					<u>5,540,533</u>	<u>38,429</u>	<u>5,578,962</u>
Transfers					(895,897)	895,897	-
<i>Total General Revenues and Transfers</i>					<u>4,644,636</u>	<u>934,326</u>	<u>5,578,962</u>
<i>Change in Net Position</i>					3,217,921	2,286,047	5,503,968
<i>Net Position Beginning of Year</i>					<u>7,213,916</u>	<u>19,987,245</u>	<u>27,201,161</u>
<i>Net Position End of Year</i>					<u>\$ 10,431,837</u>	<u>\$ 22,273,292</u>	<u>\$ 32,705,129</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2021

	General	Street Maintenance	Income Tax	Park	ODOT State Highway Paving	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 2,512,886	\$ 226,939	\$ 322,753	\$ 199,687	\$ 23,691	\$ 951,967	\$ 4,237,923
Accounts Receivable	149,991	-	-	-	-	-	149,991
Intergovernmental Receivable	124,150	253,470	-	-	-	27,549	405,169
Property and Other Local Taxes Receivable	369,830	-	-	-	-	59,366	429,196
Income Taxes Receivable	725,641	-	297,280	178,228	-	-	1,201,149
Advances to Other Funds	100,000	-	-	-	-	-	100,000
Prepaid Items	32,827	4,423	618	5,422	-	-	43,290
<i>Total Assets</i>	<u>\$ 4,015,325</u>	<u>\$ 484,832</u>	<u>\$ 620,651</u>	<u>\$ 383,337</u>	<u>\$ 23,691</u>	<u>\$ 1,038,882</u>	<u>\$ 6,566,718</u>
Liabilities							
Accounts Payable	\$ 24,536	\$ 11,669	\$ 6,116	\$ 4,179	\$ -	\$ 4,256	\$ 50,756
Accrued Wages	24,568	2,292	844	2,128	-	-	29,832
Contracts Payable	-	-	-	-	-	12,256	12,256
Intergovernmental Payable	1,926	1,561	694	1,501	-	23,214	28,896
Unearned Revenue	-	-	-	-	-	359,843	359,843
<i>Total Liabilities</i>	<u>51,030</u>	<u>15,522</u>	<u>7,654</u>	<u>7,808</u>	<u>-</u>	<u>399,569</u>	<u>481,583</u>
Deferred Inflows of Resources							
Property Taxes Levied for the Next Year	362,667	-	-	-	-	58,310	420,977
Unavailable Revenue	646,149	168,980	153,655	108,892	-	18,940	1,096,616
<i>Total Deferred Inflows of Resources</i>	<u>1,008,816</u>	<u>168,980</u>	<u>153,655</u>	<u>108,892</u>	<u>-</u>	<u>77,250</u>	<u>1,517,593</u>
Fund Balances							
Nonspendable	136,233	4,423	618	5,422	-	-	146,696
Restricted	-	295,907	-	261,215	23,691	541,763	1,122,576
Committed	-	-	458,724	-	-	20,300	479,024
Assigned	1,254,578	-	-	-	-	-	1,254,578
Unassigned	1,564,668	-	-	-	-	-	1,564,668
<i>Total Fund Balance</i>	<u>2,955,479</u>	<u>300,330</u>	<u>459,342</u>	<u>266,637</u>	<u>23,691</u>	<u>562,063</u>	<u>4,567,542</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 4,015,325</u>	<u>\$ 484,832</u>	<u>\$ 620,651</u>	<u>\$ 383,337</u>	<u>\$ 23,691</u>	<u>\$ 1,038,882</u>	<u>\$ 6,566,718</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances	\$	4,567,542
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,122,189
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 6,531	
Income Tax	705,892	
Intergovernmental	276,726	
Charges for Services	107,467	1,096,616
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		30,289
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	59,718	
Deferred Outflows - Pension	798,357	
Deferred Outflows - OPEB	455,673	
Net Pension Liability	(3,563,544)	
Net OPEB Liability	(474,045)	
Deferred Inflows - Pension	(686,709)	
Deferred Inflows - OPEB	(417,739)	(3,828,289)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		(556,510)
<i>Net Position of Governmental Activities</i>	\$	10,431,837

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General	Street Maintenance	Income Tax	Park	ODOT State Highway Paving	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property and Other Local Taxes	\$ 395,636	\$ -	\$ -	\$ -	\$ -	\$ 61,214	\$ 456,850
Income Taxes	2,608,797	-	1,327,304	639,966	-	-	4,576,067
Charges for Services	559,742	-	-	-	-	855	560,597
Licenses and Permits	56,881	-	-	-	-	1,800	58,681
Fines and Forfeitures	-	-	-	-	-	11,347	11,347
Intergovernmental	273,193	485,801	-	-	-	72,126	831,120
Interest	12,470	-	-	-	-	-	12,470
Rent	21,000	-	-	-	-	-	21,000
Contributions and Donations	-	-	-	1,350	-	10,106	11,456
Miscellaneous	8,999	6,031	-	5,277	-	-	20,307
<i>Total Revenues</i>	<u>3,936,718</u>	<u>491,832</u>	<u>1,327,304</u>	<u>646,593</u>	<u>-</u>	<u>157,448</u>	<u>6,559,895</u>
Expenditures							
Current:							
General Government	193,051	-	186,228	-	-	3,486	382,765
Security of Persons and Property	2,021,866	-	-	-	-	255,675	2,277,541
Public Health	47,610	-	-	-	-	-	47,610
Leisure Time Services	-	-	-	576,901	-	-	576,901
Transportation	133,036	774,111	-	-	-	84,988	992,135
Capital Outlay	-	-	-	47,050	1,729,523	150,979	1,927,552
<i>Total Expenditures</i>	<u>2,395,563</u>	<u>774,111</u>	<u>186,228</u>	<u>623,951</u>	<u>1,729,523</u>	<u>495,128</u>	<u>6,204,504</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,541,155</u>	<u>(282,279)</u>	<u>1,141,076</u>	<u>22,642</u>	<u>(1,729,523)</u>	<u>(337,680)</u>	<u>355,391</u>
Other Financing Sources (Uses)							
Transfers In	-	400,000	-	50,000	-	412,493	862,493
Transfers Out	(822,929)	-	(900,000)	-	-	-	(1,722,929)
<i>Total Other Financing Sources (Uses)</i>	<u>(822,929)</u>	<u>400,000</u>	<u>(900,000)</u>	<u>50,000</u>	<u>-</u>	<u>412,493</u>	<u>(860,436)</u>
<i>Net Change in Fund Balances</i>	718,226	117,721	241,076	72,642	(1,729,523)	74,813	(505,045)
<i>Fund Balances Beginning of Year</i>	<u>2,237,253</u>	<u>182,609</u>	<u>218,266</u>	<u>193,995</u>	<u>1,753,214</u>	<u>487,250</u>	<u>5,072,587</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,955,479</u>	<u>\$ 300,330</u>	<u>\$ 459,342</u>	<u>\$ 266,637</u>	<u>\$ 23,691</u>	<u>\$ 562,063</u>	<u>\$ 4,567,542</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$ (505,045)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 3,701,186	
Current Year Depreciation	<u>(445,932)</u>	3,255,254
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(689)	
Income Tax	188,770	
Intergovernmental	38,186	
Charges for Services	<u>(33,574)</u>	192,693
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	305,122	
OPEB	<u>5,642</u>	310,764
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(256,552)	
OPEB	<u>311,509</u>	54,957
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(69,690)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(21,012)</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 3,217,921</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 384,520	\$ 384,520	\$ 395,276	\$ 10,756
Income Taxes	2,100,000	2,100,000	2,568,721	468,721
Charges for Services	514,445	514,445	562,538	48,093
Licenses and Permits	46,000	46,000	56,881	10,881
Intergovernmental	174,100	174,100	272,065	97,965
Interest	40,000	40,000	12,470	(27,530)
Rent	22,000	22,000	21,000	(1,000)
Miscellaneous	11,000	11,000	7,788	(3,212)
<i>Total Revenues</i>	<u>3,292,065</u>	<u>3,292,065</u>	<u>3,896,739</u>	<u>604,674</u>
Expenditures				
Current:				
General Government	1,651,803	1,651,803	191,304	1,460,499
Security of Persons and Property	2,397,369	2,397,369	2,252,165	145,204
Public Health	47,000	47,000	47,610	(610)
Transportation	162,757	162,757	135,632	27,125
<i>Total Expenditures</i>	<u>4,258,929</u>	<u>4,258,929</u>	<u>2,626,711</u>	<u>1,632,218</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(966,864)</u>	<u>(966,864)</u>	<u>1,270,028</u>	<u>2,236,892</u>
Other Financing Sources (Uses)				
Transfers Out	(878,336)	(878,336)	(822,929)	55,407
<i>Total Other Financing Sources (Uses)</i>	<u>(878,336)</u>	<u>(878,336)</u>	<u>(822,929)</u>	<u>55,407</u>
<i>Net Change in Fund Balance</i>	(1,845,200)	(1,845,200)	447,099	2,292,299
<i>Fund Balance Beginning of Year</i>	<u>1,846,928</u>	<u>1,846,928</u>	<u>1,846,928</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,728</u>	<u>\$ 1,728</u>	<u>\$ 2,294,027</u>	<u>\$ 2,292,299</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 479,346	\$ 39,346
Miscellaneous	-	-	6,031	6,031
<i>Total Revenues</i>	<u>440,000</u>	<u>440,000</u>	<u>485,377</u>	<u>45,377</u>
Expenditures				
Current:				
Transportation	950,953	950,953	769,387	181,566
<i>Total Expenditures</i>	<u>950,953</u>	<u>950,953</u>	<u>769,387</u>	<u>181,566</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(510,953)</u>	<u>(510,953)</u>	<u>(284,010)</u>	<u>226,943</u>
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(110,953)	(110,953)	115,990	226,943
<i>Fund Balance Beginning of Year</i>	<u>110,953</u>	<u>110,953</u>	<u>110,953</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,943</u>	<u>\$ 226,943</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Income Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,306,914	\$ 256,914
<i>Total Revenues</i>	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,306,914</u>	<u>256,914</u>
Expenditures				
Current:				
General Government	259,238	259,238	193,399	65,839
<i>Total Expenditures</i>	<u>259,238</u>	<u>259,238</u>	<u>193,399</u>	<u>65,839</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>790,762</u>	<u>790,762</u>	<u>1,113,515</u>	<u>322,753</u>
Other Financing Sources (Uses)				
Transfers Out	(900,000)	(900,000)	(900,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(109,238)	(109,238)	213,515	322,753
<i>Fund Balance Beginning of Year</i>	<u>109,238</u>	<u>109,238</u>	<u>109,238</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,753</u>	<u>\$ 322,753</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Park Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$ 500,000	\$ 500,000	\$ 630,123	\$ 130,123
Contributions and Donations	-	-	1,350	1,350
Miscellaneous	-	-	5,277	5,277
<i>Total Revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>636,750</u>	<u>136,750</u>
Expenditures				
Current:				
Leisure Time Activities	624,834	624,834	574,847	49,987
Capital Outlay	55,000	55,000	47,050	7,950
<i>Total Expenditures</i>	<u>679,834</u>	<u>679,834</u>	<u>621,897</u>	<u>57,937</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(179,834)</u>	<u>(179,834)</u>	<u>14,853</u>	<u>194,687</u>
Other Financing Sources (Uses)				
Transfers In	50,000	50,000	50,000	-
Transfers Out	(5,000)	(5,000)	-	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>45,000</u>	<u>45,000</u>	<u>50,000</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	<u>(134,834)</u>	<u>(134,834)</u>	<u>64,853</u>	<u>199,687</u>
<i>Fund Balance Beginning of Year</i>	<u>134,834</u>	<u>134,834</u>	<u>134,834</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,687</u>	<u>\$ 199,687</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 812,400	\$ 2,202,848	\$ 49,465	\$ 3,064,713	\$ 39,559
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	27,234
Accounts Receivable	301,104	348,809	47,234	697,147	-
Prepaid Items	13,183	19,297	162	32,642	-
<i>Total Current Assets</i>	<u>1,126,687</u>	<u>2,570,954</u>	<u>96,861</u>	<u>3,794,502</u>	<u>66,793</u>
<i>Non-Current Assets:</i>					
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	32,549	38,773	6,624	77,946	-
Net OPEB Asset	48,717	47,146	1,572	97,435	-
Non-Depreciable Capital Assets	167,750	1,386,620	-	1,554,370	-
Depreciable Capital Assets, Net	17,882,883	24,331,259	-	42,214,142	-
<i>Total Non-Current Assets</i>	<u>18,131,899</u>	<u>25,803,798</u>	<u>8,196</u>	<u>43,943,893</u>	<u>-</u>
<i>Total Assets</i>	<u>19,258,586</u>	<u>28,374,752</u>	<u>105,057</u>	<u>47,738,395</u>	<u>66,793</u>
Deferred Outflows of Resources					
Pension	87,406	85,561	2,327	175,294	-
OPEB	41,941	41,001	1,038	83,980	-
<i>Total Deferred Outflows of Resources</i>	<u>129,347</u>	<u>126,562</u>	<u>3,365</u>	<u>259,274</u>	<u>-</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	16,527	46,298	76,963	139,788	-
Accrued Wages	8,516	8,265	275	17,056	-
Contracts Payable	7,650	12,772	-	20,422	-
Intergovernmental Payable	6,034	5,843	192	12,069	-
Claims Payable	-	-	-	-	46,403
Compensated Absences Payable	41,350	50,779	-	92,129	-
OPWC Loans Payable	59,127	32,000	-	91,127	-
OWDA Loans Payable	905,916	1,885,243	-	2,791,159	-
<i>Total Current Liabilities</i>	<u>1,045,120</u>	<u>2,041,200</u>	<u>77,430</u>	<u>3,163,750</u>	<u>46,403</u>
<i>Long-Term Liabilities:</i>					
Refundable Deposits	32,549	38,773	6,624	77,946	-
Compensated Absences Payable - Net of Current Portion	149,880	203,188	-	353,068	-
OPWC Loans Payable - Net of Current Portion	1,078,351	448,000	-	1,526,351	-
OWDA Loans Payable - Net of Current Portion	5,946,295	13,049,284	-	18,995,579	-
Advances from Other Funds	-	100,000	-	100,000	-
Net Pension Liability	418,876	405,364	13,512	837,752	-
<i>Total Long-Term Liabilities</i>	<u>7,625,951</u>	<u>14,244,609</u>	<u>20,136</u>	<u>21,890,696</u>	<u>-</u>
<i>Total Liabilities</i>	<u>8,671,071</u>	<u>16,285,809</u>	<u>97,566</u>	<u>25,054,446</u>	<u>46,403</u>
Deferred Inflows of Resources					
Pension	180,788	174,956	6,314	362,058	-
OPEB	148,851	144,050	5,073	297,974	-
<i>Total Deferred Inflows of Resources</i>	<u>329,639</u>	<u>319,006</u>	<u>11,387</u>	<u>660,032</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	10,053,294	10,290,580	-	20,343,874	-
Unrestricted	333,929	1,605,919	(531)	1,939,317	20,390
<i>Total Net Position</i>	<u>\$ 10,387,223</u>	<u>\$ 11,896,499</u>	<u>\$ (531)</u>	<u>22,283,191</u>	<u>\$ 20,390</u>

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

Net Position of business-type activities

(9,899)
\$ 22,273,292

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Operating Revenues					
Charges for Services	\$ 2,544,056	\$ 2,692,093	\$ 491,864	\$ 5,728,013	\$ 460,598
Tap-In Fees	1,800	300	-	2,100	-
Other	11,180	27,249	-	38,429	2,188
<i>Total Operating Revenues</i>	<u>2,557,036</u>	<u>2,719,642</u>	<u>491,864</u>	<u>5,768,542</u>	<u>462,786</u>
Operating Expenses					
Personal Services	392,904	383,331	10,451	786,686	-
Contractual Services	334,312	698,383	461,725	1,494,420	247,063
Materials and Supplies	337,385	363,298	4,893	705,576	-
Claims	-	-	-	-	330,358
Depreciation	571,845	906,828	4,563	1,483,236	-
<i>Total Operating Expenses</i>	<u>1,636,446</u>	<u>2,351,840</u>	<u>481,632</u>	<u>4,469,918</u>	<u>577,421</u>
<i>Operating Income (Loss)</i>	<u>920,590</u>	<u>367,802</u>	<u>10,232</u>	<u>1,298,624</u>	<u>(114,635)</u>
Non-Operating Revenues (Expenses)					
Interest	-	-	-	-	665
Interest and Fiscal Charges	(205,532)	(538)	-	(206,070)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(205,532)</u>	<u>(538)</u>	<u>-</u>	<u>(206,070)</u>	<u>665</u>
<i>Income (Loss) Before Capital Contributions and Transfers</i>	715,058	367,264	10,232	1,092,554	(113,970)
Capital Contributions	377,337	-	-	377,337	-
Transfers In	-	900,000	-	900,000	-
Transfers Out	(18,683)	(20,881)	-	(39,564)	-
<i>Change in Net Position</i>	1,073,712	1,246,383	10,232	2,330,327	(113,970)
<i>Net Position Beginning of Year</i>	<u>9,313,511</u>	<u>10,650,116</u>	<u>(10,763)</u>		<u>134,360</u>
<i>Net Position End of Year</i>	<u>\$ 10,387,223</u>	<u>\$ 11,896,499</u>	<u>\$ (531)</u>		<u>\$ 20,390</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				<u>(44,280)</u>	
Changes in Net Position of Business-Type Activities				<u>\$ 2,286,047</u>	

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,547,587	\$ 2,725,501	\$ 493,468	\$ 5,766,556	\$ 460,598
Cash Received from Other Operating Receipts	15,463	31,835	830	48,128	2,188
Cash Payments to Suppliers for Goods and Services	(341,810)	(366,063)	(4,856)	(712,729)	-
Cash Payments to Employees for Services and Benefits	(624,484)	(602,718)	(20,792)	(1,247,994)	-
Cash Payments for Contractual Services	(339,874)	(706,616)	(461,795)	(1,508,285)	(247,063)
Cash Payments for Claims	-	-	-	-	(366,102)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,256,882</u>	<u>1,081,939</u>	<u>6,855</u>	<u>2,345,676</u>	<u>(150,379)</u>
Cash Flows from Capital and Related Financing Activities					
Intergovernmental Revenue	341,876	-	-	341,876	-
Proceeds of OPWC Loans	482,068	-	-	482,068	-
Proceeds of OWDA Loans	556,789	208,747	-	765,536	-
Acquisition of Capital Assets	(1,058,700)	(214,683)	-	(1,273,383)	-
Transfers In	-	900,000	-	900,000	-
Transfers Out	(18,683)	(20,881)	-	(39,564)	-
Principal Payments on Debt	(1,250,583)	(1,997,378)	-	(3,247,961)	-
Interest Payments on Debt	(205,532)	(2,231)	-	(207,763)	-
<i>Net Cash (Used for) Capital and Related Financing Activities</i>	<u>(1,152,765)</u>	<u>(1,126,426)</u>	<u>-</u>	<u>(2,279,191)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest	-	-	-	-	665
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	104,117	(44,487)	6,855	66,485	(149,714)
<i>Cash and Cash Equivalents Beginning of Year</i>	740,832	2,286,108	49,234	3,076,174	216,507
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 844,949</u>	<u>\$ 2,241,621</u>	<u>\$ 56,089</u>	<u>\$ 3,142,659</u>	<u>\$ 66,793</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 920,590	\$ 367,802	\$ 10,232	\$ 1,298,624	\$ (114,635)
Adjustments:					
Depreciation	571,845	906,828	4,563	1,483,236	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	1,731	33,108	1,604	36,443	-
Prepaid Items	888	1,210	33	2,131	-
Net OPEB Asset	(48,717)	(47,146)	(1,572)	(97,435)	-
Deferred Outflows - Pension/OPEB	95,767	84,218	3,338	183,323	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	(8,134)	(9,237)	172	(17,199)	-
Accrued Wages	1,933	1,681	71	3,685	-
Intergovernmental Payable	958	894	19	1,871	-
Refundable Deposits	3,224	3,453	625	7,302	-
Claims Payable	-	-	-	-	(35,744)
Compensated Absences Payable	42,328	51,769	-	94,097	-
Deferred Inflows - Pension/OPEB	162,702	157,825	5,538	326,065	-
Net Pension Liability	(122,917)	(117,747)	(5,171)	(245,835)	-
Net OPEB Liability	(365,316)	(352,719)	(12,597)	(730,632)	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,256,882</u>	<u>\$ 1,081,939</u>	<u>\$ 6,855</u>	<u>\$ 2,345,676</u>	<u>\$ (150,379)</u>

Noncash Capital Financing Activities:

The City purchased \$7,650 and \$127,727 on account for the water fund in 2021 and 2020, respectively.

The City purchased \$12,772 and \$11,213 on account for the sewer fund in 2021 and 2020, respectively.

Governmental activities purchased \$35,461 of capital assets for the water fund in 2021.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1: REPORTING ENTITY

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

B. Fund Accounting

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

ODOT State Highway Paving The ODOT State Highway Paving is a Capital Projects fund to account for highway projects.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

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

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

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

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

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy. Interest receipt credited to the general fund during 2021 amounted to \$12,470 which includes \$8,393 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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Allen County, Ohio
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For the Year Ended December 31, 2021

G. Capital Assets

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

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

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City's infrastructure consists of water and sewer lines. Depreciation is computed using the straight-line method over the following useful lives:

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

H. Interfund Balances

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

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if, employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. A liability for vacation leave is based on the vacation leave accumulated at December 31, 2021. Sick leave benefits are accrued as a liability using the termination payments method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources and is recorded as an expenditure and fund liability of the governmental fund that will pay it.

City of Delphos
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For the Year Ended December 31, 2021

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

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of year-end, no net position was restricted for enabling legislation.

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

City of Delphos
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. City Council has by resolution authorized the City Auditor to assign fund balance. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation and insurance funds. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

City of Delphos
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For the Year Ended December 31, 2021

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

Q. Estimates

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

R. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

City of Delphos
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

S. Contributions of Capital

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

T. Unearned Revenue

Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. The unearned revenue reported represents grants received from the American Rescue Plan Act funding.

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assigned, committed or restricted fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General	Street Maintenance	Income Tax	Park
GAAP Basis	\$ 718,226	\$ 117,721	\$ 241,076	\$ 72,642
Net Adjustment for Revenue Accruals	(38,768)	(6,455)	(20,390)	(9,843)
Net Adjustment for Expenditure Accruals	(16,994)	4,724	(7,171)	2,054
Funds Budgeted Elsewhere *	(20)	-	-	-
Adjustment for Encumbrances	(215,345)	-	-	-
Budget Basis	\$ 447,099	\$ 115,990	\$ 213,515	\$ 64,853

City of Delphos
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For the Year Ended December 31, 2021

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed funds.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guarantee as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

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

Cash on Hand - At December 31, 2021 the City had \$368 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Equivalents."

Deposits - At December 31, 2021, the City's bank balance of \$7,609,986 was insured from exposure to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Funds Held by Fiscal Agent - The City participates in the Jefferson Health Plan for employee benefits. The City has \$27,234 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

City of Delphos
Allen County, Ohio
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NOTE 5: TAXES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$6.75 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	<u>Allen County</u>	<u>Van Wert County</u>
Real Property	\$ 71,646,800	\$ 40,142,520
Public Utilities - Real	3,100	2,280
Public Utilities - Personal	2,628,890	1,822,600
Total Assessed Value	\$ 74,278,790	\$ 41,967,400

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Income Taxes

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

City of Delphos
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For the Year Ended December 31, 2021

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

NOTE 6: RECEIVABLES

Receivables at December 31, 2021 consisted of taxes, accounts (billings for user charged services), long-term advances and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

NOTE 7: INTERFUND ACTIVITY

A. Interfund Transfers

Following is a summary of transfers in and out for all funds for 2021:

Transfer To	Transfer From				Total
	General	Income Tax	Water	Sewer	
Street Maintenance	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Park	50,000	-	-	-	50,000
Nonmajor Governmental	372,929	-	18,683	20,881	412,493
Sewer Fund	-	900,000	-	-	900,000
<i>Total</i>	<u>\$ 822,929</u>	<u>\$ 900,000</u>	<u>\$ 18,683</u>	<u>\$ 20,881</u>	<u>\$ 1,762,493</u>

The general fund made transfers of \$400,000, \$50,000 and \$109,000 to the street maintenance, park and other governmental funds, respectively, to provide additional resources for current operations. The \$900,000 transfer from the income tax fund to the sewer fund were in accordance with the City's income tax ordinance. The general, water and sewer funds transferred \$263,929, \$18,683 and \$20,881, respectively, to other governmental funds to provide the local share of ODOT projects.

In addition, governmental funds purchased \$35,461 in capital assets for the water fund. These purchases are reflected as transfers on the government-wide statement of activities.

B. Advances to and Advances from Other Funds

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

City of Delphos
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For the Year Ended December 31, 2021

NOTE 8: CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended December 31, 2021 was as follows:

Governmental Activities	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 523,860	\$ -	\$ -	\$ 523,860
Construction in progress	444,375	3,381,785	(124,776)	3,701,384
Total capital assets, not being depreciated	<u>968,235</u>	<u>3,381,785</u>	<u>(124,776)</u>	<u>4,225,244</u>
Capital assets, being depreciated:				
Buildings	1,915,277	-	-	1,915,277
Land improvements	2,707,706	47,050	-	2,754,756
Vehicles	1,924,266	56,681	(14,545)	1,966,402
Equipment	1,867,144	340,446	(5,000)	2,202,590
Infrastructure	2,070,907	-	-	2,070,907
Total capital assets, being depreciated	<u>10,485,300</u>	<u>444,177</u>	<u>(19,545)</u>	<u>10,909,932</u>
Less: accumulated depreciation				
Buildings	(1,180,017)	(42,134)	-	(1,222,151)
Land improvements	(1,486,542)	(99,966)	-	(1,586,508)
Vehicles	(1,649,402)	(64,393)	14,545	(1,699,250)
Equipment	(1,103,259)	(111,544)	5,000	(1,209,803)
Infrastructure	(167,380)	(127,895)	-	(295,275)
Total accumulated depreciation	<u>(5,586,600)</u>	<u>(445,932)</u>	<u>19,545</u>	<u>(6,012,987)</u>
Total capital assets being depreciated, net	<u>4,898,700</u>	<u>(1,755)</u>	<u>-</u>	<u>4,896,945</u>
Governmental activities capital assets, net	<u>\$ 5,866,935</u>	<u>\$ 3,380,030</u>	<u>\$ (124,776)</u>	<u>\$ 9,122,189</u>

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

<u>Governmental Activities:</u>	
General government	\$ 13,872
Security of persons and property	149,903
Leisure time services	131,431
Transportation	150,726
Total Depreciation Expense	<u>\$ 445,932</u>

City of Delphos
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The business-type activities capital asset activity for the fiscal year ended December 31, 2021 was as follows:

Business-Type Activities	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 889,207	\$ -	\$ -	\$ 889,207
Construction in progress	552,846	1,059,774	(947,457)	665,163
Total capital assets, not being depreciated	<u>1,442,053</u>	<u>1,059,774</u>	<u>(947,457)</u>	<u>1,554,370</u>
Capital assets, being depreciated:				
Buildings	36,353,931	-	-	36,353,931
Land improvements	4,462,442	-	-	4,462,442
Vehicles	727,891	25,525	(26,936)	726,480
Equipment	19,338,184	105,027	(139,943)	19,303,268
Infrastructure	18,235,464	947,457	-	19,182,921
Total capital assets, being depreciated	<u>79,117,912</u>	<u>1,078,009</u>	<u>(166,879)</u>	<u>80,029,042</u>
Less: accumulated depreciation				
Buildings	(11,389,137)	(710,229)	-	(12,099,366)
Land improvements	(1,450,296)	(102,082)	-	(1,552,378)
Vehicles	(524,688)	(37,598)	26,936	(535,350)
Equipment	(15,828,290)	(285,441)	139,943	(15,973,788)
Infrastructure	(7,306,132)	(347,886)	-	(7,654,018)
Total accumulated depreciation	<u>(36,498,543)</u>	<u>(1,483,236)</u>	<u>166,879</u>	<u>(37,814,900)</u>
Total capital assets being depreciated, net	<u>42,619,369</u>	<u>(405,227)</u>	<u>-</u>	<u>42,214,142</u>
Business-type activities capital assets, net	<u>\$ 44,061,422</u>	<u>\$ 654,547</u>	<u>\$ (947,457)</u>	<u>\$ 43,768,512</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and 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.

City of Delphos
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For the Year Ended December 31, 2021

The net pension liability and the net OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. 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.

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.

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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 CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

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

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	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2021 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 \$187,984 for 2021. Of this amount, \$17,068 is reported as an intergovernmental payable.

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

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

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

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

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

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

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

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

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 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$233,688 for 2021. Of this amount, \$22,663 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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:

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	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.009125%	0.044742%	
Prior Measurement Period	0.009452%	0.042647%	
Change in Proportion	<u>-0.000327%</u>	<u>0.002095%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 1,351,214	\$ 3,050,082	\$ 4,401,296
Pension Expense	\$ 70,024	\$ 282,697	\$ 352,721

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, 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			
Differences between Expected and Actual Experience	\$ -	\$ 127,505	\$ 127,505
Changes of Assumptions	-	51,153	51,153
Changes in Proportionate Share and Differences in Contributions	69,617	303,704	373,321
City Contributions Subsequent to the Measurement Date	<u>187,984</u>	<u>233,688</u>	<u>421,672</u>
Total Deferred Outflows of Resources	<u>\$ 257,601</u>	<u>\$ 716,050</u>	<u>\$ 973,651</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 56,523	\$ 118,823	\$ 175,346
Net Difference between Projected and Actual Earnings on Pension Plan Investments	526,664	147,946	674,610
Changes in Proportionate Share and Differences in Contributions	<u>69,576</u>	<u>129,235</u>	<u>198,811</u>
Total Deferred Inflows of Resources	<u>\$ 652,763</u>	<u>\$ 396,004</u>	<u>\$ 1,048,767</u>

\$421,672 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (207,177)	\$ 110,445	\$ (96,732)
2023	(89,454)	100,147	10,693
2024	(214,685)	(138,440)	(353,125)
2025	(71,830)	(4,931)	(76,761)
2026	-	19,137	19,137
Total	<u>\$ (583,146)</u>	<u>\$ 86,358</u>	<u>\$ (496,788)</u>

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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

The most recent experience study was completed for the five year period ended December 31, 2015.

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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the City's proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 2,577,448	\$ 1,351,214	\$ 331,603

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered 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, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F'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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 4,246,105	\$ 3,050,082	\$ 2,049,132

NOTE 10 - DEFINED BENEFIT OPEB PLANS

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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.

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

Effective January 1, 2022, OPERS will discontinue 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.

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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit 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. 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. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 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 2021.

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.

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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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. 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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$5,642 for 2021. Of this amount, \$552 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.008821%	0.044742%	
Prior Measurement Period	0.009120%	0.042647%	
Change in Proportion	<u>-0.000299%</u>	<u>0.0020952%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (157,153)	\$ 474,045	
OPEB Expense	\$ (932,986)	\$ 77,344	\$ (855,642)

At December 31, 2021, 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 of Assumptions	\$ 77,257	\$ 261,884	\$ 339,141
Changes in Proportionate Share and Differences in Contributions	42,115	152,755	194,870
City Contributions Subsequent to the Measurement Date	-	5,642	5,642
Total Deferred Outflows of Resources	<u>\$ 119,372</u>	<u>\$ 420,281</u>	<u>\$ 539,653</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 141,829	\$ 78,193	\$ 220,022
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	83,701	17,616	101,317
Changes of Assumptions	254,635	75,571	330,206
Changes in Proportionate Share and Differences in Contributions	40,931	23,237	64,168
Total Deferred Inflows of Resources	<u>\$ 521,096</u>	<u>\$ 194,617</u>	<u>\$ 715,713</u>

\$5,642 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (199,392)	\$ 52,019	\$ (147,373)
2023	(156,098)	56,188	(99,910)
2024	(36,373)	49,612	13,239
2025	(9,861)	46,278	36,417
2026	-	6,476	6,476
Thereafter	-	9,449	9,449
	<u>\$ (401,724)</u>	<u>\$ 220,022</u>	<u>\$ (181,702)</u>

Actuarial Assumptions - OPERS

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

Projections of 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 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, 2019, rolled forward to the measurement date of December 31, 2020. 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	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

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The most recent experience study was completed for the five year period ended December 31, 2015.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. 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 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 6.00 percent and the City's proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (39,077)	\$ (157,153)	\$ (254,221)

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 2021 is 8.50 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 Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (160,983)	\$ (157,153)	\$ (152,868)

Changes between Measurement Date and Report Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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.

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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.

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	3.75 percent
Cost of Living Adjustments	2.20 percent simple

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* Levered 2.5x

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

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. 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 Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 591,108	\$ 474,045	\$ 377,483

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: COMMITMENTS

A. Contractual Commitments

The City had the following contractual commitment outstanding at December 31, 2021.

	Contractual Commitment	Expended	Balance 12/31/2021
WWTP Improvements	\$ 574,200	\$ 314,380	\$ 259,820
South Main Street Rehab	440,250	245,576	194,674
Ricker Street Lift Station	340,455	28,093	312,362
Water Tower	386,914	109,434	277,480
5th Street Waterline	5,000	3,744	1,256
Gressel Drive Relocation	190,500	10,000	180,500
Sewer	49,500	-	49,500
Valve Isolation	32,000	32,000	-
Abmulance	215,345	-	215,345
	\$ 2,234,164	\$ 743,227	\$ 1,490,937

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

B. Other Commitments

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

Fund	Amount
General	\$ 353,594

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NOTE 12: COMPENSATED ABSENCES

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

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

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

NOTE 13: LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the City during 2021 were as follows:

	Outstanding 1/1/2021	Additions	Deletions	Outstanding 12/31/2021	Amounts Due In One Year
Governmental Activities:					
<i>Other Long-Term Obligations:</i>					
Net Pension Liability	\$ 3,657,561	\$ -	\$ (94,017)	\$ 3,563,544	\$ -
Net OPEB Liability	950,327	-	(476,282)	474,045	-
Compensated Absences	535,498	245,936	(224,924)	556,510	112,323
<i>Total Governmental Activities</i>					
<i>Other Long-Term Obligations:</i>	<u>\$ 5,143,386</u>	<u>\$ 245,936</u>	<u>\$ (795,223)</u>	<u>\$ 4,594,099</u>	<u>\$ 112,323</u>

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	Outstanding 1/1/2021	Additions	Deletions	Outstanding 12/31/2021	Amounts Due In One Year
Business-Type Activities:					
Direct Borrowings:					
<i>OWDA loans:</i>					
2005 OWDA loan	\$ 12,384,571	\$ -	\$ (1,719,319)	\$ 10,665,252	\$ 1,735,693
2006 OWDA loan	6,621,113	-	(826,769)	5,794,344	843,388
2007 OWDA loan	583,192	-	(23,844)	559,348	24,886
2007 OWDA loan	253,024	-	(34,025)	218,999	34,708
2013 OWDA loan	40,415	-	(2,875)	37,540	2,934
2017 OWDA loan	4,112,628	-	(149,549)	3,963,079	149,550
2019 OWDA loan	120,461	179,302	(23,012)	276,751	-
2020 OWDA loan	1,220	154,135	-	155,355	-
2020 OWDA loan	2,521	402,654	(318,550)	86,625	-
2021 OWDA loan	-	29,445	-	29,445	-
Total OWDA Loans	24,119,145	765,536	(3,097,943)	21,786,738	2,791,159
<i>OPWC Loans:</i>					
2007 OPWC loan	74,787	-	(8,798)	65,989	8,798
2015 OPWC loan	512,000	-	(32,000)	480,000	32,000
2016 OPWC loan	625,143	-	(35,722)	589,421	35,722
2021 OPWC loan	-	482,068	-	482,068	14,607
Total OPWC Loans	1,211,930	482,068	(76,520)	1,617,478	91,127
Total Direct Borrowings	25,331,075	1,247,604	(3,174,463)	23,404,216	2,882,286
Other Long-Term Obligations:					
Net Pension Liability	1,083,587	-	(245,835)	837,752	-
Net OPEB Liability	730,632	-	(730,632)	-	-
Lease Obligation	73,498	-	(73,498)	-	-
Compensated Absences	351,100	214,802	(120,705)	445,197	92,129
Total Other Long-Term Obligations	2,238,817	214,802	(1,170,670)	1,282,949	92,129
Total Business-Type Activities, Long-Term Liabilities	\$ 27,569,892	\$ 1,462,406	\$ (4,345,133)	\$ 24,687,165	\$ 2,974,415

Direct Borrowings

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

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

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

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

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

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

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

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

The 2019 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant's membranes. The loan was approved for \$230,120, of which \$208,167 had been drawn down as of December 31, 2021. This loan was rolled into the 2021 (OWDA) loan that was approved for \$6,977,005. The City's sewer system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for an elevated water tank replacement. The loan was approved for \$82,850, all of which had been drawn down as of December 31, 2021. This loan was rolled into the 2021 (OWDA) loan that was approved for \$3,351,318. The City's water system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for a waterline replacement on Fifth Street. The loan was approved for \$447,566, of which \$402,654 had been drawn down as of December 31, 2021. \$318,500 of the \$402,654 was forgiven during the year. The City's water system revenues will be used for the principal repayment.

The 2021 Ohio Water Development Authority (OWDA) loan is for a pump station improvements on Ricker Street. The loan was approved for \$371,814, of which \$29,445 had been drawn down as of December 31, 2021. The City's sewer system revenues will be used for the principal repayment.

The 2021 Ohio Public Works Commission (OPWC) loan is for the Fifth Street Waterline. The loan was approved for \$482,068, all of which has been drawn down as of December 31, 2021. The City's water system revenues will be used for the principal repayment.

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

The City has pledged future water and sewer revenues, net of specified operating expenses to repay \$23,404,216 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 107.22 percent. The total principal and interest remaining to be paid on the loans is \$23,510,066. Principal and interest paid for the current year and total net receipts were \$3,333,396 and \$3,108,941, respectively.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City Treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

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

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

The annual requirements to amortize all bonded debt and loans as of December 31, 2021 are as follows:

	OWDA Loans *		OPWC Loans	Totals	
	Principal	Interest	Principal	Principal	Interest
2022	\$ 2,791,159	\$ 140,531	\$ 91,127	\$ 2,882,286	\$ 140,531
2023	2,826,483	121,737	100,260	2,926,743	121,737
2024	2,862,369	102,538	100,258	2,962,627	102,538
2025	2,898,823	82,927	100,260	2,999,083	82,927
2026	2,935,863	62,892	100,258	3,036,121	62,892
2027-2031	4,195,455	106,027	479,300	4,674,755	106,027
2032-2036	961,337	35,838	457,302	1,418,639	35,838
2037-2041	794,997	1,536	172,274	967,271	1,536
2042-2046	747,751	-	16,439	764,190	-
2047-2048	224,325	-	-	224,325	-
Totals	\$ 21,238,562	\$ 654,026	\$ 1,617,478	\$ 22,856,040	\$ 654,026

* The OWDA Loan balance does not tie to the amount on the previous page due the 2019, 2020 and 2021 loans relating to projects still in process at year end. These four loans do not have a required payment until 2023 and amortization schedules are not yet available.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 14: CAPITAL LEASES – LESSEE DISCLOSURE

In 2017, the City entered into a five year lease for the acquisition of a Vactor sewer cleaner. The lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. The lease payments were made from the sewer fund. Principal payments in the amount of \$73,498 were made during 2021. The lease was paid in full during 2021.

The asset acquired by the lease has been capitalized in the amount of \$357,264, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$113,133 as of December 31, 2021, leaving the current book value of \$244,130.

NOTE 15: RISK MANAGEMENT

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

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

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

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

Changes in the fund's claims liability for 2021 and 2020 are as follows:

Liability Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2021	\$ 82,147	\$ 330,358	\$ 366,102	\$ 46,403
2020	\$ 26,184	\$ 242,623	\$ 186,660	\$ 82,147

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 16: FUND BALANCE

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

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

	General Fund	Street Maintenance	Income Tax	Park Fund	State Highway Paving	Nonmajor Governmental	Total
Nonspendable for:							
Long-term Advances	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Prepays	32,827	4,423	618	5,422	-	-	43,290
Unclaimed Monies	3,406	-	-	-	-	-	3,406
Total Nonspendable	<u>136,233</u>	<u>4,423</u>	<u>618</u>	<u>5,422</u>	<u>-</u>	<u>-</u>	<u>146,696</u>
Restricted for:							
Capital Outlay	-	-	-	-	23,691	166,824	190,515
Street Maintenance	-	295,907	-	-	-	153,700	449,607
Public Safety	-	-	-	-	-	215,035	215,035
Economic Development	-	-	-	-	-	6,204	6,204
Parks and Recreation	-	-	-	261,215	-	-	261,215
Total Restricted	<u>-</u>	<u>295,907</u>	<u>-</u>	<u>261,215</u>	<u>23,691</u>	<u>541,763</u>	<u>1,122,576</u>
Committed for:							
Income Tax	-	-	458,724	-	-	-	458,724
Guaranteed Street Bond	-	-	-	-	-	20,300	20,300
Total Committed	<u>-</u>	<u>-</u>	<u>458,724</u>	<u>-</u>	<u>-</u>	<u>20,300</u>	<u>479,024</u>
Assigned:							
Encumbrances							
Security of Persons and Property	215,345	-	-	-	-	-	215,345
Subsequent Year Appropriations	1,039,233	-	-	-	-	-	1,039,233
Total Assigned	<u>1,254,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,578</u>
Unassigned	<u>1,564,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,564,668</u>
Total Fund Balance	<u>\$2,955,479</u>	<u>\$ 300,330</u>	<u>\$ 459,342</u>	<u>\$ 266,637</u>	<u>\$ 23,691</u>	<u>\$ 562,063</u>	<u>\$4,567,542</u>

NOTE 17: CONTINGENCIES

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 18: COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.009125%	0.009452%	0.008497%	0.008595%
City's Proportionate Share of the Net Pension Liability	\$ 1,351,214	\$ 1,868,252	\$ 2,327,156	\$ 1,348,433
City's Covered Payroll	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764	\$ 1,138,914
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.49%	203.29%	118.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.044742%	0.042647%	0.046297%	0.046461%
City's Proportionate Share of the Net Pension Liability	\$ 3,050,082	\$ 2,872,896	\$ 3,779,059	\$ 2,851,509
City's Covered Payroll	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890	\$ 1,025,748
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	264.53%	279.64%	354.21%	277.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

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

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 187,984	\$ 179,923	\$ 186,176	\$ 160,267
Contributions in Relation to the Contractually Required Contribution	<u>(187,984)</u>	<u>(179,923)</u>	<u>(186,176)</u>	<u>(160,267)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 233,688	\$ 239,471	\$ 212,792	\$ 221,133
Contributions in Relation to the Contractually Required Contribution	<u>(233,688)</u>	<u>(239,471)</u>	<u>(212,792)</u>	<u>(221,133)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890
Contributions as a Percentage of Covered Payroll	20.71%	20.77%	20.71%	20.73%

(n/a) Information prior to 2013 is not available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 148,059	\$ 133,607	\$ 120,435	\$ 123,943	\$ 185,629	n/a
<u>(148,059)</u>	<u>(133,607)</u>	<u>(120,435)</u>	<u>(123,943)</u>	<u>(185,629)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
\$ 1,138,914	\$ 1,111,750	\$ 1,003,625	\$ 1,032,858	\$ 1,427,915	n/a
13.00%	12.02%	12.00%	12.00%	13.00%	n/a
\$ 214,753	\$ 184,251	\$ 146,805	\$ 156,819	\$ 171,153	\$ 142,533
<u>(214,753)</u>	<u>(184,251)</u>	<u>(146,805)</u>	<u>(156,819)</u>	<u>(171,153)</u>	<u>(142,533)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959	\$ 977,208
20.94%	20.89%	20.54%	20.54%	17.55%	14.59%

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
City's Proportion of the Net OPEB Liability (Asset)	0.008821%	0.009120%	0.008261%	0.008365%	0.008065%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (157,153)	\$ 1,259,709	\$ 1,077,039	\$ 908,354	\$ 814,592
City's Covered Payroll	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764	\$ 1,144,764	\$ 1,138,914
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.23%	94.73%	94.08%	79.35%	71.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%
Ohio Police and Fire Pension Fund (OPF)					
City's Proportion of the Net OPEB Liability	0.044742%	0.042647%	0.046297%	0.046461%	0.040498%
City's Proportionate Share of the Net OPEB Liability	\$ 474,045	\$ 421,250	\$ 421,605	\$ 2,632,404	\$ 1,922,349
City's Covered Payroll	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890	\$ 1,066,890	\$ 1,025,748
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.11%	41.00%	39.52%	246.74%	187.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 1,342,743	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 5,642	\$ 5,765	\$ 5,137	\$ 5,334
Contributions in Relation to the Contractually Required Contribution	<u>(5,642)</u>	<u>(5,765)</u>	<u>(5,137)</u>	<u>(5,334)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,128,490	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 11,389	\$ 22,235	n/a	n/a	n/a	n/a
<u>(11,389)</u>	<u>(22,235)</u>	n/a	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a	n/a
\$ 1,138,914	\$ 1,111,750	n/a	n/a	n/a	n/a
1.00%	2.00%	n/a	n/a	n/a	n/a
\$ 5,129	\$ 4,409	\$ 3,574	\$ 3,818	\$ 31,657	\$ 65,962
<u>(5,129)</u>	<u>(4,409)</u>	<u>(3,574)</u>	<u>(3,818)</u>	<u>(31,657)</u>	<u>(65,962)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,025,748	\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959	\$ 977,208
0.50%	0.50%	0.50%	0.50%	3.25%	6.75%

See accompanying notes to the required supplementary information.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

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

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

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

Changes in Benefit Terms – OPERS

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

Changes in Assumptions – OP&F

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

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

Changes in Benefit Terms – OP&F

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

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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***

June 30, 2022

Honorable members of the City Council
of the City of Delphos, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Delphos** (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

CITY OF DELPHOS, OHIO
ALLEN COUNTY

FOR THE
YEAR ENDED
DECEMBER
31, 2020

REGULAR
AUDIT

Rehmann

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CITY OF DELPHOS
ALLEN COUNTY, OHIO
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INDEPENDENT AUDITORS' REPORT

June 30, 2022

Honorable Members of the
City Council
of City of Delphos, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Delphos, Ohio** (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the ***City of Delphos, Ohio***, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the ***City of Delphos, Ohio's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The discussion and analysis of the City of Delphos' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position increased \$2,825,153, which represents a 12 percent increase from 2019. Net position of governmental activities increased \$1,248,286. Net position of business-type activities increased \$1,576,867.
- Total capital assets decreased \$188,598 in 2020. Capital assets of governmental activities increased \$528,667 and capital assets of business-type activities decreased \$717,265.
- Outstanding debt decreased from \$28,114,050 to \$25,404,573.

Using this Annual Financial Report

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

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2020 and how they affected the operations of the City as a whole.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

A question typically asked about the City's finances "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the income tax fund and the coronavirus relief fund.

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

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Assets						
Current & Other Assets	\$ 6,716,292	\$ 5,676,692	\$ 1,039,600	\$ 3,778,918	\$ 3,889,664	\$ (110,746)
Capital Assets	5,866,935	5,338,268	528,667	44,061,422	44,778,687	(717,265)
<i>Total Assets</i>	<u>12,583,227</u>	<u>11,014,960</u>	<u>1,568,267</u>	<u>47,840,340</u>	<u>48,668,351</u>	<u>(828,011)</u>
Deferred Outflows of Resources						
Pension & OPEB	1,386,244	2,135,139	(748,895)	442,597	508,227	(65,630)
<i>Total Deferred Outflows of Resources</i>	<u>1,386,244</u>	<u>2,135,139</u>	<u>(748,895)</u>	<u>442,597</u>	<u>508,227</u>	<u>(65,630)</u>
Liabilities						
Current & Other Liabilities	222,387	293,573	(71,186)	391,833	273,227	118,606
Long-Term Liabilities:						
Due Within One Year	130,928	108,464	22,464	3,039,939	3,039,894	45
Due In More Than One Year:						
Net Pension Liability	3,657,561	4,803,007	(1,145,446)	1,083,587	1,303,208	(219,621)
Net OPEB Liability	950,327	895,502	54,825	730,632	603,142	127,490
Other Amounts	404,570	372,642	31,928	22,715,734	25,527,720	(2,811,986)
<i>Total Liabilities</i>	<u>5,365,773</u>	<u>6,473,188</u>	<u>(1,107,415)</u>	<u>27,961,725</u>	<u>30,747,191</u>	<u>(2,785,466)</u>
Deferred Inflows of Resources						
Property Taxes	417,416	434,277	(16,861)	-	-	-
Pension & OPEB	972,366	277,004	695,362	333,967	19,009	314,958
<i>Total Deferred Inflows of Resources</i>	<u>1,389,782</u>	<u>711,281</u>	<u>678,501</u>	<u>333,967</u>	<u>19,009</u>	<u>314,958</u>
Net Position						
Net Investment in Capital Assets	5,853,698	5,259,351	594,347	19,143,052	17,162,466	1,980,586
Restricted	2,715,173	1,083,962	1,631,211	-	-	-
Unrestricted	(1,354,955)	(377,683)	(977,272)	844,193	1,247,912	(403,719)
<i>Total Net Position</i>	<u>\$ 7,213,916</u>	<u>\$ 5,965,630</u>	<u>\$ 1,248,286</u>	<u>\$ 19,987,245</u>	<u>\$ 18,410,378</u>	<u>\$ 1,576,867</u>

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2020 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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

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

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

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

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

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

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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

At year end, capital assets represented 83 percent of total assets. Capital assets include land, land improvements, buildings, equipment, vehicles, infrastructure and construction in progress. Capital assets, net of related debt were \$24,996,750 at December 31, 2020, with \$5,853,698 in governmental activities and \$19,143,052 in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,715,173 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit \$510,762.

For governmental type activities, the City saw an increase in capital assets and cash and cash equivalents with fiscal agents. Capital assets increased in infrastructure with the completion of a large road expansion project and a road paving project. Cash and cash equivalents with fiscal agents increased due to the timing of when the City was required to pay for their share of a paving project and when those project costs were incurred.

For business type activities, the City saw an increase in construction in progress and a decrease in long term liabilities. Construction in progress increased as a result of the City starting phase three of the Waste Water Treatment Plant project as well as starting the Fifth Street Waterline Replacement project. Overall capital assets decreased due to depreciation exceeding additions. Long term debt decreased due to principal payments on debt.

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

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City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 581,086	\$ 730,540	\$ (149,454)	\$ 5,957,305	\$ 5,626,826	\$ 330,479
Operating Grants	1,180,682	551,358	629,324	-	-	-
Capital Grants	323,672	854,456	(530,784)	-	-	-
<i>Total Program Revenues</i>	<u>2,085,440</u>	<u>2,136,354</u>	<u>(50,914)</u>	<u>5,957,305</u>	<u>5,626,826</u>	<u>330,479</u>
<i>General Revenues</i>						
Property Taxes	447,807	448,676	(869)	-	-	-
Income Taxes	3,682,946	3,563,455	119,491	-	-	-
Grants & Entitlements	206,189	211,159	(4,970)	-	-	-
Investment Earnings	42,065	91,679	(49,614)	-	-	-
Miscellaneous	154,670	19,364	135,306	55,922	14,442	41,480
<i>Total General Revenues</i>	<u>4,533,677</u>	<u>4,334,333</u>	<u>199,344</u>	<u>55,922</u>	<u>14,442</u>	<u>41,480</u>
<i>Total Revenues</i>	<u>6,619,117</u>	<u>6,470,687</u>	<u>148,430</u>	<u>6,013,227</u>	<u>5,641,268</u>	<u>371,959</u>
Program Expenses						
General Government	627,926	330,761	297,165	-	-	-
Security of Persons and Property	2,683,935	583,388	2,100,547	-	-	-
Public Health	47,609	45,778	1,831	-	-	-
Leisure Time Services	591,997	693,148	(101,151)	-	-	-
Transportation	806,187	806,693	(506)	-	-	-
Enterprise Operations						
Water	-	-	-	2,023,929	2,065,797	(41,868)
Sewer	-	-	-	2,494,137	2,443,225	50,912
Sanitation	-	-	-	531,471	530,087	1,384
<i>Total Program Expenses</i>	<u>4,757,654</u>	<u>2,459,768</u>	<u>2,297,886</u>	<u>5,049,537</u>	<u>5,039,109</u>	<u>10,428</u>
Transfers	(613,177)	(950,000)	336,823	613,177	950,000	(336,823)
<i>Change in Net Position</i>	1,248,286	3,060,919	(1,812,633)	1,576,867	1,552,159	24,708
<i>Net Position Beginning of Year</i>	<u>5,965,630</u>	<u>2,904,711</u>	<u>3,060,919</u>	<u>18,410,378</u>	<u>16,858,219</u>	<u>1,552,159</u>
<i>Net Position End of Year</i>	<u>\$ 7,213,916</u>	<u>\$ 5,965,630</u>	<u>\$ 1,248,286</u>	<u>\$ 19,987,245</u>	<u>\$ 18,410,378</u>	<u>\$ 1,576,867</u>

The City's overall net position increased \$2,825,153 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Governmental Activities

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

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

The City saw an increase in operating grants as well as a decrease in capital grants during 2020. The increase in operating grants can be mainly attributed to the coronavirus relief funding. The decrease in capital grants is primarily the result of grants received in the prior year for the City's road expansion project.

Police and fire represent the largest expense of the Governmental Activities. The police and fire departments operate primarily out of the general fund. The increase in general government and security of persons and property is due primarily to expenses related to Coronavirus Relief grant funding and changes in expenses associated with GASB 68 and 75.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling.

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

Business-Type Activities

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. Business-type transfers decreased significantly during 2020. See discussion regarding proprietary funds for more analysis.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund is the chief operating fund of the City. The fund balance of the general fund decreased by \$550,760 during the current fiscal year. This decrease is primarily the result of an increase in transfers out for ongoing construction projects.

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The fund balance of the income tax fund increased by \$47,077. The residual balance in this fund is transferred to the sewer fund for capital improvements.

The coronavirus relief fund's fund balance did not change for fiscal year 2020. The City expended all of the funding it received in 2020.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the water fund at the end of the year was a deficit balance of \$630,884, the sewer fund was \$1,456,022, and the sanitation fund was a deficit of \$15,326. Total growth in net position for the water and sewer funds was \$631,856 and \$987,205, respectively. The sanitation fund net position decreased \$44,974. The increase in net position for the water fund is related to increased charges for services revenue due to the resolution of a billing issue from a prior year. The increase in net position for the sewer fund is the result of transfers in. The sanitation fund decreased due to the timing of City expenditures for refuse services.

General Fund Budgeting Highlights

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

During the course of 2020, the City did not amend its general fund budget. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

Final Budget Compared to Actual Results

Actual expenditures were significantly less than final budget amounts due to the City appropriating the total amount legally available for appropriation.

There were no significant variances to discuss within other financing sources and uses.

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City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal year 2020 balances compared with 2019.

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 523,860	\$ 488,860	\$ 889,207	\$ 889,207	\$ 1,413,067	\$ 1,378,067
Buildings	735,260	742,219	24,964,794	25,675,023	25,700,054	26,417,242
Land Improvements	1,221,164	1,162,493	3,012,146	3,114,228	4,233,310	4,276,721
Vehicles	274,864	343,357	203,203	243,135	478,067	586,492
Equipment	763,885	689,331	3,509,894	3,721,189	4,273,779	4,410,520
Infrastructure	1,903,527	1,214,594	10,929,332	11,105,820	12,832,859	12,320,414
Construction in Progress	444,375	697,414	552,846	30,085	997,221	727,499
<i>Total</i>	<u>\$ 5,866,935</u>	<u>\$ 5,338,268</u>	<u>\$ 44,061,422</u>	<u>\$ 44,778,687</u>	<u>\$ 49,928,357</u>	<u>\$ 50,116,955</u>

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

Construction in progress for governmental activities decreased \$253,039. This is the result of a completed road expansion project partially offset by two ongoing ODOT paving projects. Infrastructure for governmental activities increased \$688,933. This is the result of a completed road expansion project as well as a paving project, as previously discussed. For business-type activities construction in progress increased \$522,761. The City has a waste water treatment improvement project that is being completed in multiple phases. Phase three was ongoing during 2020. The City also began a waterline replacement project.

Debt

Table 4 summarizes outstanding debt. Overall debt decreased in 2021 due to principal payments paid during the year. See Notes 13 and 14 for additional details.

Table 4
Outstanding Debt, at December 31

	Business-Type Activities	
	2020	2019
General Obligation Bonds	\$ -	\$ 127,532
OWDA Loans	24,119,145	26,718,969
OPWC Loans	1,211,930	1,250,191
Capital Leases	73,498	144,890
<i>Total</i>	<u>\$ 25,404,573</u>	<u>\$ 28,241,582</u>

City of Delphos
Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Auditor of City of Delphos, 608 North Canal Street, Delphos, Ohio 45833-2401 or call (419) 695-4010.

City of Delphos
Allen County, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,828,657	\$ 3,005,530	\$ 5,834,187
Cash and Cash Equivalents with Fiscal Agents	1,863,142	-	1,863,142
Accounts Receivable	186,361	733,590	919,951
Intergovernmental Receivable	357,329	-	357,329
Property and Other Local Taxes Receivable	425,964	-	425,964
Income Taxes Receivable	942,070	-	942,070
Internal Balances	65,619	(65,619)	-
Prepaid Items	47,150	34,773	81,923
Restricted Cash and Cash Equivalents	-	70,644	70,644
Non-Depreciable Capital Assets	968,235	1,442,053	2,410,288
Depreciable Capital Assets, net	4,898,700	42,619,369	47,518,069
<i>Total Assets</i>	<u>12,583,227</u>	<u>47,840,340</u>	<u>60,423,567</u>
Deferred Outflows of Resources			
Pension	860,896	268,596	1,129,492
OPEB	525,348	174,001	699,349
<i>Total Deferred Outflows of Resources</i>	<u>1,386,244</u>	<u>442,597</u>	<u>1,828,841</u>
Liabilities			
Accounts Payable	71,012	156,987	227,999
Accrued Wages	25,477	13,371	38,848
Contracts Payable	13,237	128,558	141,795
Retainage Payable	-	10,382	10,382
Intergovernmental Payable	30,514	10,198	40,712
Accrued Interest Payable	-	1,693	1,693
Claims Payable	82,147	-	82,147
Refundable Deposits	-	70,644	70,644
Long-Term Liabilities:			
Due Within One Year	130,928	3,039,939	3,170,867
Due In More Than One Year:			
Net Pension Liability	3,657,561	1,083,587	4,741,148
Net OPEB Liability	950,327	730,632	1,680,959
Other Amounts Due in More Than One Year	404,570	22,715,734	23,120,304
<i>Total Liabilities</i>	<u>5,365,773</u>	<u>27,961,725</u>	<u>33,327,498</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	417,416	-	417,416
Pension	703,801	229,906	933,707
OPEB	268,565	104,061	372,626
<i>Total Deferred Inflows of Resources</i>	<u>1,389,782</u>	<u>333,967</u>	<u>1,723,749</u>
Net Position			
Net Investment in Capital Assets	5,853,698	19,143,052	24,996,750
Restricted for:			
Capital Outlay	1,858,225	-	1,858,225
Streets	379,079	-	379,079
Public Safety	268,675	-	268,675
Economic Development	5,349	-	5,349
Other Purposes	203,845	-	203,845
Unrestricted	(1,354,955)	844,193	(510,762)
<i>Total Net Position</i>	<u>\$ 7,213,916</u>	<u>\$ 19,987,245</u>	<u>\$ 27,201,161</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 627,926	\$ 169,890	\$ 260,003	\$ 92,666	\$ (105,367)	\$ -	\$ (105,367)
Security of Persons and Property	2,683,935	371,907	256,388	-	(2,055,640)	-	(2,055,640)
Public Health	47,609	-	-	-	(47,609)	-	(47,609)
Leisure Time Services	591,997	38,134	33,235	142,398	(378,230)	-	(378,230)
Community Development	-	855	-	-	855	-	855
Transportation	806,187	300	631,056	88,608	(86,223)	-	(86,223)
<i>Total Governmental Activities</i>	<u>4,757,654</u>	<u>581,086</u>	<u>1,180,682</u>	<u>323,672</u>	<u>(2,672,214)</u>	<u>-</u>	<u>(2,672,214)</u>
Business-Type Activities							
Water	2,023,929	2,637,041	-	-	-	613,112	613,112
Sewer	2,494,137	2,834,592	-	-	-	340,455	340,455
Sanitation	531,471	485,672	-	-	-	(45,799)	(45,799)
<i>Total Business-Type Activities</i>	<u>5,049,537</u>	<u>5,957,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,768</u>	<u>907,768</u>
<i>Total</i>	<u>\$ 9,807,191</u>	<u>\$ 6,538,391</u>	<u>\$ 1,180,682</u>	<u>\$ 323,672</u>	<u>(2,672,214)</u>	<u>907,768</u>	<u>(1,764,446)</u>
General Revenues							
Property and Other Local Taxes Levied for:							
General Purposes					388,029	-	388,029
Police and Fire Pension					59,778	-	59,778
Income Taxes Levied for:							
General Purposes					2,097,696	-	2,097,696
Administrative and Sewer System Improvements					1,071,776	-	1,071,776
Parks and Recreation					513,474	-	513,474
Grants and Entitlements not Restricted to Specific Programs					206,189	-	206,189
Investment Earnings					42,065	-	42,065
Miscellaneous					154,670	55,922	210,592
<i>Total General Revenues</i>					<u>4,533,677</u>	<u>55,922</u>	<u>4,589,599</u>
Transfers					(613,177)	613,177	-
<i>Total General Revenues and Transfers</i>					<u>3,920,500</u>	<u>669,099</u>	<u>4,589,599</u>
<i>Change in Net Position</i>					1,248,286	1,576,867	2,825,153
<i>Net Position Beginning of Year</i>					5,965,630	18,410,378	24,376,008
<i>Net Position End of Year</i>					<u>\$ 7,213,916</u>	<u>\$ 19,987,245</u>	<u>\$ 27,201,161</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

	General	Income Tax	Coronavirus Relief	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,850,314	\$ 109,238	\$ -	\$ 823,634	\$ 2,783,186
Cash and Cash Equivalents with Fiscal Agents	-	-	-	1,692,106	1,692,106
Accounts Receivable	186,361	-	-	-	186,361
Intergovernmental Receivable	110,122	-	-	247,207	357,329
Property and Other Local Taxes Receivable	366,518	-	-	59,446	425,964
Income Taxes Receivable	581,857	217,300	-	142,913	942,070
Advances to Other Funds	100,000	-	-	-	100,000
Prepaid Items	35,337	660	-	11,153	47,150
<i>Total Assets</i>	<u>\$ 3,230,509</u>	<u>\$ 327,198</u>	<u>\$ -</u>	<u>\$ 2,976,459</u>	<u>\$ 6,534,166</u>
Liabilities					
Accounts Payable	\$ 46,188	\$ 13,618	\$ -	\$ 11,206	\$ 71,012
Accrued Wages	21,449	676	-	3,352	25,477
Contracts Payable	-	-	-	13,237	13,237
Intergovernmental Payable	2,789	573	-	27,152	30,514
<i>Total Liabilities</i>	<u>70,426</u>	<u>14,867</u>	<u>-</u>	<u>54,947</u>	<u>140,240</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	359,124	-	-	58,292	417,416
Unavailable Revenue	563,706	94,065	-	246,152	903,923
<i>Total Deferred Inflows of Resources</i>	<u>922,830</u>	<u>94,065</u>	<u>-</u>	<u>304,444</u>	<u>1,321,339</u>
Fund Balances					
Nonspendable	138,723	660	-	11,153	150,536
Restricted	-	-	-	2,586,815	2,586,815
Committed	-	217,606	-	19,100	236,706
Assigned	1,819,195	-	-	-	1,819,195
Unassigned	279,335	-	-	-	279,335
<i>Total Fund Balance</i>	<u>2,237,253</u>	<u>218,266</u>	<u>-</u>	<u>2,617,068</u>	<u>5,072,587</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,230,509</u>	<u>\$ 327,198</u>	<u>\$ -</u>	<u>\$ 2,976,459</u>	<u>\$ 6,534,166</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances	\$	5,072,587
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,866,935
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 7,220	
Income Tax	517,122	
Intergovernmental	238,540	
Charges for Services	141,041	903,923
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		99,979
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	860,896	
Deferred Outflows - OPEB	525,348	
Net Pension Liability	(3,657,561)	
Net OPEB Liability	(950,327)	
Deferred Inflows - Pension	(703,801)	
Deferred Inflows - OPEB	(268,565)	(4,194,010)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		(535,498)
<i>Net Position of Governmental Activities</i>	\$	7,213,916

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General	Income Tax	Coronavirus Relief	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 387,191	\$ -	\$ -	\$ 59,594	\$ 446,785
Income Taxes	2,149,152	1,093,996	-	526,111	3,769,259
Charges for Services	476,702	-	-	855	477,557
Licenses and Permits	55,795	-	-	300	56,095
Fines and Forfeitures	-	-	-	1,991	1,991
Intergovernmental	289,699	-	545,092	786,204	1,620,995
Interest	38,666	-	246	-	38,912
Rent	21,310	-	-	-	21,310
Contributions and Donations	-	-	-	86,498	86,498
Miscellaneous	118,626	3,167	-	32,877	154,670
<i>Total Revenues</i>	<u>3,537,141</u>	<u>1,097,163</u>	<u>545,338</u>	<u>1,494,430</u>	<u>6,674,072</u>
Expenditures					
Current:					
General Government	231,444	150,086	216,769	-	598,299
Security of Persons and Property	1,797,805	-	237,268	258,508	2,293,581
Public Health	47,609	-	-	-	47,609
Leisure Time Services	-	-	33,235	416,238	449,473
Transportation	189,016	-	14,832	509,754	713,602
Capital Outlay	-	-	43,234	753,696	796,930
<i>Total Expenditures</i>	<u>2,265,874</u>	<u>150,086</u>	<u>545,338</u>	<u>1,938,196</u>	<u>4,899,494</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,271,267</u>	<u>947,077</u>	<u>-</u>	<u>(443,766)</u>	<u>1,774,578</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	2,125,077	2,125,077
Transfers Out	(1,822,027)	(900,000)	-	-	(2,722,027)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,822,027)</u>	<u>(900,000)</u>	<u>-</u>	<u>2,125,077</u>	<u>(596,950)</u>
<i>Net Change in Fund Balances</i>	(550,760)	47,077	-	1,681,311	1,177,628
<i>Fund Balances Beginning of Year</i>	<u>2,788,013</u>	<u>171,189</u>	<u>-</u>	<u>935,757</u>	<u>3,894,959</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,237,253</u>	<u>\$ 218,266</u>	<u>\$ -</u>	<u>\$ 2,617,068</u>	<u>\$ 5,072,587</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020*

Net Change in Fund Balances - Total Governmental Funds	\$	1,177,628
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 936,482	
Current Year Depreciation	<u>(407,815)</u>	528,667
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	1,022	
Income Tax	(86,313)	
Intergovernmental	2,804	
Charges for Services	<u>24,133</u>	(58,354)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	315,039	
OPEB	<u>5,765</u>	320,804
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(543,595)	
OPEB	<u>(130,845)</u>	(674,440)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		8,373
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(54,392)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>1,248,286</u></u>
See accompanying notes to the basic financial statements.		

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 402,000	\$ 402,000	\$ 390,205	\$ (11,795)
Income Taxes	2,100,000	2,100,000	2,098,763	(1,237)
Charges for Services	529,000	529,000	457,949	(71,051)
Licenses and Permits	46,000	46,000	55,795	9,795
Intergovernmental	182,000	182,000	281,848	99,848
Interest	40,000	40,000	38,666	(1,334)
Rent	22,000	22,000	21,310	(690)
Miscellaneous	11,000	11,000	111,635	100,635
<i>Total Revenues</i>	3,332,000	3,332,000	3,456,171	124,171
Expenditures				
Current:				
General Government	1,333,620	1,333,620	227,912	1,105,708
Security of Persons and Property	2,125,937	2,125,937	1,821,556	304,381
Public Health	47,000	47,000	47,609	(609)
Transportation	237,576	237,576	239,708	(2,132)
<i>Total Expenditures</i>	3,744,133	3,744,133	2,336,785	1,407,348
<i>Excess of Receipts Over (Under) Disbursements</i>	(412,133)	(412,133)	1,119,386	1,531,519
Other Financing Sources (Uses)				
Advances In	86,000	86,000	86,000	-
Transfers In	69,506	69,506	-	(69,506)
Transfers Out	(2,201,500)	(2,201,500)	(1,822,027)	379,473
<i>Total Other Financing Sources (Uses)</i>	(2,045,994)	(2,045,994)	(1,736,027)	309,967
<i>Net Change in Fund Balance</i>	(2,458,127)	(2,458,127)	(616,641)	1,841,486
<i>Fund Balance Beginning of Year</i>	2,403,188	2,403,188	2,403,188	-
Prior Year Encumbrances Appropriated	60,381	60,381	60,381	-
<i>Fund Balance End of Year</i>	\$ 5,442	\$ 5,442	\$ 1,846,928	\$ 1,841,486

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Income Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,068,359	\$ 18,359
Miscellaneous	-	-	3,167	3,167
<i>Total Revenues</i>	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,071,526</u>	<u>21,526</u>
Expenditures				
Current:				
General Government	236,132	236,132	148,425	87,707
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>813,868</u>	<u>813,868</u>	<u>923,101</u>	<u>109,233</u>
Other Financing Sources (Uses)				
Transfers Out	(900,000)	(900,000)	(900,000)	-
<i>Net Change in Fund Balance</i>	(86,132)	(86,132)	23,101	109,233
<i>Fund Balance Beginning of Year</i>	<u>86,137</u>	<u>86,137</u>	<u>86,137</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 109,238</u>	<u>\$ 109,233</u>

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Coronavirus Relief Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 545,092	\$ 545,092	\$ -
Interest	-	246	246	-
<i>Total Revenues</i>	-	545,338	545,338	-
Expenditures				
Current:				
General Government	-	216,769	216,769	-
Security of Persons and Property	-	237,268	237,268	-
Leisure Time Activities	-	33,235	33,235	-
Transportation	-	14,832	14,832	-
Capital Outlay	-	43,234	43,234	-
<i>Total Expenditures</i>	-	545,338	545,338	-
 <i>Net Change in Fund Balance</i>	 -	 -	 -	 -
<i>Fund Balance Beginning of Year</i>	-	-	-	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 711,507	\$ 2,250,788	\$ 43,235	\$ 3,005,530	\$ 45,471
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-	171,036
Accounts Receivable	302,835	381,917	48,838	733,590	-
Prepaid Items	14,071	20,507	195	34,773	-
<i>Total Current Assets</i>	<u>1,028,413</u>	<u>2,653,212</u>	<u>92,268</u>	<u>3,773,893</u>	<u>216,507</u>
<i>Non-Current Assets:</i>					
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	29,325	35,320	5,999	70,644	-
Non-Depreciable Capital Assets	202,624	1,239,429	-	1,442,053	-
Depreciable Capital Assets, Net	17,445,770	25,169,036	4,563	42,619,369	-
<i>Total Non-Current Assets</i>	<u>17,677,719</u>	<u>26,443,785</u>	<u>10,562</u>	<u>44,132,066</u>	<u>-</u>
<i>Total Assets</i>	<u>18,706,132</u>	<u>29,096,997</u>	<u>102,830</u>	<u>47,905,959</u>	<u>216,507</u>
Deferred Outflows of Resources					
Pension	136,592	127,955	4,049	268,596	-
OPEB	88,522	82,825	2,654	174,001	-
<i>Total Deferred Outflows of Resources</i>	<u>225,114</u>	<u>210,780</u>	<u>6,703</u>	<u>442,597</u>	<u>-</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	24,661	55,535	76,791	156,987	-
Accrued Wages	6,583	6,584	204	13,371	-
Contracts Payable	117,345	11,213	-	128,558	-
Retainage Payable	10,382	-	-	10,382	-
Intergovernmental Payable	5,076	4,949	173	10,198	-
Accrued Interest Payable	-	1,693	-	1,693	-
Claims Payable	-	-	-	-	82,147
Compensated Absences Payable	38,343	49,168	-	87,511	-
Capital Leases Payable	-	73,498	-	73,498	-
OPWC Loans Payable	44,520	32,000	-	76,520	-
OWDA Loans Payable	887,516	1,914,894	-	2,802,410	-
<i>Total Current Liabilities</i>	<u>1,134,426</u>	<u>2,149,534</u>	<u>77,168</u>	<u>3,361,128</u>	<u>82,147</u>
<i>Long-Term Liabilities:</i>					
Refundable Deposits	29,325	35,320	5,999	70,644	-
Compensated Absences Payable - Net of Current Portion	110,559	153,030	-	263,589	-
OPWC Loans Payable - Net of Current Portion	655,410	480,000	-	1,135,410	-
OWDA Loans Payable - Net of Current Portion	6,613,969	14,702,766	-	21,316,735	-
Advances from Other Funds	-	100,000	-	100,000	-
Net Pension Liability	541,793	523,111	18,683	1,083,587	-
Net OPEB Liability	365,316	352,719	12,597	730,632	-
<i>Total Long-Term Liabilities</i>	<u>8,316,372</u>	<u>16,346,946</u>	<u>37,279</u>	<u>24,700,597</u>	<u>-</u>
<i>Total Liabilities</i>	<u>9,450,798</u>	<u>18,496,480</u>	<u>114,447</u>	<u>28,061,725</u>	<u>82,147</u>
Deferred Inflows of Resources					
Pension	114,926	110,963	4,017	229,906	-
OPEB	52,011	50,218	1,832	104,061	-
<i>Total Deferred Inflows of Resources</i>	<u>166,937</u>	<u>161,181</u>	<u>5,849</u>	<u>333,967</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	9,944,395	9,194,094	4,563	19,143,052	-
Unrestricted	(630,884)	1,456,022	(15,326)	809,812	134,360
<i>Total Net Position</i>	<u>\$ 9,313,511</u>	<u>\$ 10,650,116</u>	<u>\$ (10,763)</u>	<u>19,952,864</u>	<u>\$ 134,360</u>

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

Net Position of business-type activities

34,381
\$ 19,987,245

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Operating Revenues					
Charges for Services	\$ 2,636,141	\$ 2,834,592	\$ 485,672	\$ 5,956,405	\$ 459,268
Tap-In Fees	900	-	-	900	-
Other	27,932	27,104	886	55,922	1,252
<i>Total Operating Revenues</i>	<u>2,664,973</u>	<u>2,861,696</u>	<u>486,558</u>	<u>6,013,227</u>	<u>460,520</u>
Operating Expenses					
Personal Services	687,875	662,649	23,824	1,374,348	-
Contractual Services	275,514	820,182	499,876	1,595,572	210,143
Materials and Supplies	315,267	105,769	4,889	425,925	-
Claims	-	-	-	-	242,623
Depreciation	570,251	904,227	2,943	1,477,421	-
<i>Total Operating Expenses</i>	<u>1,848,907</u>	<u>2,492,827</u>	<u>531,532</u>	<u>4,873,266</u>	<u>452,766</u>
<i>Operating Income (Loss)</i>	<u>816,066</u>	<u>368,869</u>	<u>(44,974)</u>	<u>1,139,961</u>	<u>7,754</u>
Non-Operating Revenues (Expenses)					
Interest	-	-	-	-	3,399
Interest and Fiscal Charges	(176,411)	(2,640)	-	(179,051)	-
Other Non-Operating Expenses	(8,824)	(8,824)	-	(17,648)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(185,235)</u>	<u>(11,464)</u>	<u>-</u>	<u>(196,699)</u>	<u>3,399</u>
<i>Income (Loss) Before Capital Contributions and Transfers</i>	630,831	357,405	(44,974)	943,262	11,153
Capital Contributions	33,875	-	-	33,875	-
Transfers In	-	900,000	-	900,000	-
Transfers Out	(32,850)	(270,200)	-	(303,050)	-
<i>Change in Net Position</i>	631,856	987,205	(44,974)	1,574,087	11,153
<i>Net Position Beginning of Year</i>	<u>8,681,655</u>	<u>9,662,911</u>	<u>34,211</u>		<u>123,207</u>
<i>Net Position End of Year</i>	<u>\$ 9,313,511</u>	<u>\$ 10,650,116</u>	<u>\$ (10,763)</u>		<u>\$ 134,360</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				2,780	
Changes in Net Position of Business-Type Activities				<u>\$ 1,576,867</u>	

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Sanitation	Total	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 2,620,928	\$ 2,813,659	\$ 483,887	\$ 5,918,474	\$ 459,268
Cash Received from Other Operating Receipts	31,472	30,906	1,540	63,918	1,252
Cash Payments to Suppliers for Goods and Services	(313,998)	(108,637)	(4,882)	(427,517)	-
Cash Payments to Employees for Services and Benefits	(546,284)	(522,112)	(20,427)	(1,088,823)	-
Cash Payments for Contractual Services	(283,376)	(828,357)	(461,608)	(1,573,341)	(210,143)
Cash Payments for Claims	-	-	-	-	(186,660)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,508,742</u>	<u>1,385,459</u>	<u>(1,490)</u>	<u>2,892,711</u>	<u>63,717</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds of OWDA Loans	3,741	137,433	-	141,174	-
Acquisition of Capital Assets	(86,063)	(536,569)	-	(622,632)	-
Transfers In	-	900,000	-	900,000	-
Transfers Out	(32,850)	(270,200)	-	(303,050)	-
Principal Payments on Debt	(1,019,294)	(1,958,889)	-	(2,978,183)	-
Interest Payments on Debt	(178,910)	(4,275)	-	(183,185)	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(1,313,376)</u>	<u>(1,732,500)</u>	<u>-</u>	<u>(3,045,876)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest	-	-	-	-	3,399
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	195,366	(347,041)	(1,490)	(153,165)	67,116
<i>Cash and Cash Equivalents Beginning of Year</i>	545,466	2,633,149	50,724	3,229,339	149,391
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 740,832</u>	<u>\$ 2,286,108</u>	<u>\$ 49,234</u>	<u>\$ 3,076,174</u>	<u>\$ 216,507</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 816,066	\$ 368,869	\$ (44,974)	\$ 1,139,961	\$ 7,754
Adjustments:					
Depreciation	570,251	904,227	2,943	1,477,421	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(16,113)	(20,933)	(1,785)	(38,831)	-
Prepaid Items	(537)	(247)	(24)	(808)	-
Deferred Outflows - Pension/OPEB	36,705	27,462	1,463	65,630	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	(4,980)	(9,747)	38,466	23,739	-
Accrued Wages	(12,164)	(11,331)	(457)	(23,952)	-
Intergovernmental Payable	(2,009)	(1,927)	(76)	(4,012)	-
Refundable Deposits	2,510	2,695	463	5,668	-
Claims Payable	-	-	-	-	55,963
Compensated Absences Payable	7,516	17,552	-	25,068	-
Deferred Inflows - Pension/OPEB	157,563	152,142	5,253	314,958	-
Net Pension Liability	(109,811)	(105,221)	(4,589)	(219,621)	-
Net OPEB Liability	63,745	61,918	1,827	127,490	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,508,742</u>	<u>\$ 1,385,459</u>	<u>\$ (1,490)</u>	<u>\$ 2,892,711</u>	<u>\$ 63,717</u>

Noncash Capital Financing Activities:

The City purchased \$127,727 of capital assets on account for the water fund in 2020.

The City purchased \$11,213 and \$17,643 of capital assets on account for the sewer fund in 2020 and 2019, respectively.

Governmental activities purchased \$33,875 of capital assets for the water fund in 2020.

Water and sewer funds each purchased \$8,824 of capital assets for governmental activities in 2020.

See accompanying notes to the basic financial statements.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 1: REPORTING ENTITY

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

B. Fund Accounting

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

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

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

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

Coronavirus Relief Fund This fund accounts for federal emergency relief grants related to the Coronavirus (COVID-19) pandemic.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

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

D. Basis of Accounting

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

E. Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During fiscal year 2020, the City's investments were limited to a money market deposit account. Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy. Interest receipt credited to the general fund during 2020 amounted to \$33,666 which includes \$25,349 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Capital Assets

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

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

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City's infrastructure consists of water and sewer lines. Depreciation is computed using the straight-line method over the following useful lives:

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

H. Interfund Balances

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

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if, employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. A liability for vacation leave is based on the vacation leave accumulated at December 31, 2020. Sick leave benefits are accrued as a liability using the termination payments method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources and is recorded as an expenditure and fund liability of the governmental fund that will pay it.

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

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

K. Pensions/Other Postemployment Benefits (OPEB)

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of year-end, no net position was restricted for enabling legislation.

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

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. City Council has by resolution authorized the City Auditor to assign fund balance. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation and insurance funds. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

O. Interfund Activity

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2020.

Q. Estimates

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

R. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

S. Contributions of Capital

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

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assigned, committed or restricted fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

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

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Net Change in Fund Balance

	General	Income Tax	Coronavirus Relief
GAAP Basis	\$ (550,760)	\$ 47,077	\$ -
Net Adjustment for Revenue Accruals	12,021	(25,637)	-
Net Adjustment for Expenditure Accruals	(77,990)	1,661	-
Funds Budgeted Elsewhere *	88	-	-
Budget Basis	\$ (616,641)	\$ 23,101	\$ -

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed funds.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed two hundred and seventy days from the purchase date in any amount not to exceed 40% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At December 31, 2020 the City had \$338 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Equivalents."

Deposits - At December 31, 2020, \$1,553,923 of the City's bank balance of \$7,719,423 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

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- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Funds Held by Fiscal Agent - The City participates in the Jefferson Health Plan for employee benefits. The City has \$171,036 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium. The City has an ongoing road resurfacing project with the Ohio Department of Transportation. Due to the timing of when expenses were paid by the City and costs were incurred for this project, the City has \$1,692,106 representing nonmajor governmental funds cash and cash equivalents with fiscal agent.

NOTE 5: TAXES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes.

2020 real property taxes were levied after October 1, 2020 on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020 and are collected in 2021 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2020, was \$6.75 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

	Allen County	Van Wert County
Real Property	\$ 71,512,970	\$ 36,146,930
Public Utilities - Real	1,960	1,450
Public Utilities - Personal	2,477,040	1,687,410
Total Assessed Value	\$ 73,991,970	\$ 37,835,790

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The County Treasurer collects property taxes on behalf of all taxing districts within Allen and Van Wert Counties, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2020, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2020 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Income Taxes

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

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

NOTE 6: RECEIVABLES

Receivables at December 31, 2020 consisted of taxes, accounts (billings for user charged services), long-term advances and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

NOTE 7: INTERFUND ACTIVITY

A. Interfund Transfers

Following is a summary of transfers in and out for all funds for 2020:

Transfer To	Transfer From				Total
	General	Income Tax	Water	Sewer	
Nonmajor Governmental	\$ 1,822,027	\$ -	\$ 32,850	\$ 270,200	\$ 2,125,077
Sewer Fund	-	900,000	-	-	900,000
<i>Total</i>	<u>\$ 1,822,027</u>	<u>\$ 900,000</u>	<u>\$ 32,850</u>	<u>\$ 270,200</u>	<u>\$ 3,025,077</u>

The transfers from the general fund to nonmajor governmental funds were to provide additional resources for current operations. The transfers from the income tax fund to the sewer fund were in accordance with the City’s income tax ordinance. The transfers from the water and sewer funds to nonmajor governmental funds were to provide resources for two ODOT projects and the Colleta Way project.

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In addition, governmental funds purchased \$33,875 in capital assets for the water fund. The water and sewer fund each purchased \$8,824 in capital assets for governmental funds. These purchases are reflected as transfers on the government-wide statement of activities.

B. Advances to and Advances from Other Funds

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

C. Interfund Receivable/Payable

Interfund activity for the year ended December 31, 2020, consisted of an interfund advance from a nonmajor governmental fund to the general fund to in the amount of \$86,000. This advance represents the repayment of a prior year advance.

NOTE 8: CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended December 31, 2020 was as follows:

Governmental Activities	Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 488,860	\$ 35,000	\$ -	\$ 523,860
Construction in progress	697,414	553,587	(806,626)	444,375
Total capital assets, not being depreciated	<u>1,186,274</u>	<u>588,587</u>	<u>(806,626)</u>	<u>968,235</u>
Capital assets, being depreciated:				
Buildings	1,880,392	34,885	-	1,915,277
Land improvements	2,552,272	155,434	-	2,707,706
Vehicles	1,924,266	-	-	1,924,266
Equipment	1,699,159	167,985	-	1,867,144
Infrastructure	1,274,690	796,217	-	2,070,907
Total capital assets, being depreciated	<u>9,330,779</u>	<u>1,154,521</u>	<u>-</u>	<u>10,485,300</u>
Less: accumulated depreciation				
Buildings	(1,138,173)	(41,844)	-	(1,180,017)
Land improvements	(1,389,779)	(96,763)	-	(1,486,542)
Vehicles	(1,580,909)	(68,493)	-	(1,649,402)
Equipment	(1,009,828)	(93,431)	-	(1,103,259)
Infrastructure	(60,096)	(107,284)	-	(167,380)
Total accumulated depreciation	<u>(5,178,785)</u>	<u>(407,815)</u>	<u>-</u>	<u>(5,586,600)</u>
Total capital assets being depreciated, net	<u>4,151,994</u>	<u>746,706</u>	<u>-</u>	<u>4,898,700</u>
Governmental activities capital assets, net	<u>\$ 5,338,268</u>	<u>\$ 1,335,293</u>	<u>\$ (806,626)</u>	<u>\$ 5,866,935</u>

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

<u>Governmental Activities:</u>	
General government	\$ 6,814
Security of persons and property	134,922
Leisure time services	141,223
Transportation	<u>124,856</u>
Total Depreciation Expense	<u><u>\$ 407,815</u></u>

The business-type activities capital asset activity for the fiscal year ended December 31, 2020 was as follows:

Business-Type Activities	Beginning Balance <u>1/1/2020</u>	Increases	Decreases	Ending Balance <u>12/31/2020</u>
Capital assets, not being depreciated:				
Land	\$ 889,207	\$ -	\$ -	\$ 889,207
Construction in progress	<u>30,085</u>	<u>522,761</u>	<u>-</u>	<u>552,846</u>
Total capital assets, not being depreciated	<u>919,292</u>	<u>522,761</u>	<u>-</u>	<u>1,442,053</u>
Capital assets, being depreciated:				
Buildings	36,353,931	-	-	36,353,931
Land improvements	4,462,442	-	-	4,462,442
Vehicles	727,891	-	-	727,891
Equipment	19,266,201	71,983	-	19,338,184
Infrastructure	<u>18,070,052</u>	<u>165,412</u>	<u>-</u>	<u>18,235,464</u>
Total capital assets, being depreciated	<u>78,880,517</u>	<u>237,395</u>	<u>-</u>	<u>79,117,912</u>
Less: accumulated depreciation				
Buildings	(10,678,908)	(710,229)	-	(11,389,137)
Land improvements	(1,348,214)	(102,082)	-	(1,450,296)
Vehicles	(484,756)	(39,932)	-	(524,688)
Equipment	(15,545,012)	(283,278)	-	(15,828,290)
Infrastructure	<u>(6,964,232)</u>	<u>(341,900)</u>	<u>-</u>	<u>(7,306,132)</u>
Total accumulated depreciation	<u>(35,021,122)</u>	<u>(1,477,421)</u>	<u>-</u>	<u>(36,498,543)</u>
Total capital assets being depreciated, net	<u>43,859,395</u>	<u>(1,240,026)</u>	<u>-</u>	<u>42,619,369</u>
Business-type activities capital assets, net	<u><u>\$ 44,778,687</u></u>	<u><u>\$ (717,265)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,061,422</u></u>

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NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and 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 net pension liability and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/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 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. 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.

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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 ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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.

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$179,923 for 2020. Of this amount, \$16,284 is reported as an intergovernmental payable.

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

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

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

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

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

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Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, 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 three percent or the percent increase, if any, in the consumer price index 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 percent of their base pension or disability benefit.

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

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-Employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$239,471 for 2020. Of this amount, \$23,290 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.009452%	0.042647%	
Prior Measurement Period	0.008497%	0.046297%	
Change in Proportion	0.000955%	-0.003651%	
 Proportionate Share of the Net			
Pension Liability	\$ 1,868,252	\$ 2,872,896	\$ 4,741,148
Pension Expense	\$ 397,457	\$ 410,271	\$ 807,728

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Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2020, 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			
Differences between Expected and Actual Experience	\$ -	\$ 108,749	\$ 108,749
Changes of Assumptions	99,787	70,522	170,309
Changes in Proportionate Share	136,811	294,229	431,040
City Contributions Subsequent to the Measurement Date	179,923	239,471	419,394
Total Deferred Outflows of Resources	\$ 416,521	\$ 712,971	\$ 1,129,492
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 23,622	\$ 148,168	\$ 171,790
Net Difference between Projected and Actual Earnings on Pension Plan Investments	372,673	138,784	511,457
Changes in Proportionate Share	16,310	234,150	250,460
Total Deferred Inflows of Resources	\$ 412,605	\$ 521,102	\$ 933,707

\$419,394 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 31,969	\$ 14,382	\$ 46,351
2022	(75,430)	53,648	(21,782)
2023	15,431	71,833	87,264
2024	(147,977)	(157,712)	(305,689)
2025	-	(29,753)	(29,753)
	\$ (176,007)	\$ (47,602)	\$ (223,609)

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.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2020, then 2.15 percent Simple

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

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

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	<u>13.00</u>	<u>4.98</u>
Total	<u>100.00 %</u>	<u>5.61 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 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 (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$ 3,081,352	\$ 1,868,252	\$ 777,711

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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered 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, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent

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

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

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
Non-U.S. Equity	16.00	4.70	5.80
Private Markets	8.00	6.10	8.00
Core Fixed Income*	23.00	1.10	2.70
High Yield Fixed Income	7.00	2.50	4.70
Private Credit	5.00	4.80	5.50
U.S. Inflation Linked Bonds*	17.00	0.40	2.50
Midstream Energy Infrastructure	8.00	5.80	6.60
Real Assets	8.00	6.90	7.40
Private Real Estate	12.00	5.40	6.40
Total	120.00 %		

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F'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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 3,981,734	\$ 2,872,896	\$ 1,945,463

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NOTE 10 - DEFINED BENEFIT OPEB PLANS

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit 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. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 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 2020.

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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. 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.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, 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.

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

The City's contractually required contribution to OP&F was \$5,765 for 2020. Of this amount, \$560 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.009120%	0.042647%	
Prior Measurement Period	0.008261%	0.046297%	
Change in Proportion	<u>0.000859%</u>	<u>-0.003651%</u>	
Proportionate Share of the Net			
OPEB Liability	\$ 1,259,709	\$ 421,250	\$ 1,680,959
OPEB Expense	\$ 185,197	\$ 74,327	\$ 259,524

At December 31, 2020, 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			
Differences between Expected and Actual Experience	\$ 33	\$ -	\$ 33
Changes of Assumptions	199,397	246,278	445,675
Changes in Proportionate Share	73,135	174,741	247,876
City Contributions Subsequent to the Measurement Date	-	5,765	5,765
Total Deferred Outflows of Resources	<u>\$ 272,565</u>	<u>\$ 426,784</u>	<u>\$ 699,349</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 115,206	\$ 45,300	\$ 160,506
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	64,143	19,385	83,528
Changes of Assumptions	-	89,775	89,775
Changes in Proportionate Share	11,064	27,753	38,817
Total Deferred Inflows of Resources	<u>\$ 190,413</u>	<u>\$ 182,213</u>	<u>\$ 372,626</u>

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\$5,765 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 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 67,989	\$ 47,806	\$ 115,795
2022	41,521	47,805	89,326
2023	53	51,781	51,834
2024	(27,411)	45,515	18,104
2025	-	42,068	42,068
Thereafter	-	3,831	3,831
	<u>\$ 82,152</u>	<u>\$ 238,806</u>	<u>\$ 320,958</u>

Actuarial Assumptions - OPERS

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

Projections of 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, 2018, rolled forward to the measurement date of December 31, 2019. 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	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, 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 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trusts	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

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Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,648,531	\$ 1,259,709	\$ 948,389

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 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 Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,222,536	\$ 1,259,709	\$ 1,296,408

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Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Investment Rate of Return	
Current Measurement Date	8.00 percent
Prior Measurement Date	8.00 percent
Single Discount Rate:	
Current Measurement Date	3.56 percent
Prior Measurement Date	4.66 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	4.13 percent
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lessor of the increase in CPI and 3.00 percent

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return**</u>	<u>30 Year Expected Real Rate of Return**</u>
Cash and Cash Equivalents	- %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
Non-U.S. Equity	16.00	4.70	5.80
Private Markets	8.00	6.10	8.00
Core Fixed Income*	23.00	1.10	2.70
High Yield Fixed Income	7.00	2.50	4.70
Private Credit	5.00	4.80	5.50
U.S. Inflation Linked Bonds*	17.00	0.40	2.50
Midstream Energy Infrastructure	8.00	5.80	6.60
Real Assets	8.00	6.90	7.40
Private Real Estate	12.00	5.40	6.40
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

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OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. 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 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 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 (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 522,324	\$ 421,250	\$ 337,266

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.

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City of Delphos
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For the Year Ended December 31, 2020

NOTE 11: COMMITMENTS

A. Contractual Commitments

The City had the following contractual commitment outstanding at December 31, 2020.

	Contractual Commitment	Expended	Balance 12/31/2020
5th Street Resurfacing	\$ 248,928	\$ 217,228	\$ 31,700
WWTP Improvements	209,200	183,048	26,152
South Main Street Rehab	314,400	124,597	189,803
Ricker Street Lift Station	24,300	12,232	12,068
Water Tower	177,900	39,822	138,078
5th Street Waterline	843,296	123,411	719,885
Pool Liner	124,776	42,000	82,776
	\$ 1,942,800	\$ 742,338	\$ 1,200,462

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

B. Other Commitments

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

Fund	Amount
Other Governmental Funds	\$ 304,279

NOTE 12: COMPENSATED ABSENCES

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

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

City of Delphos
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For the Year Ended December 31, 2020

NOTE 13: LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the City during 2020 were as follows:

	Outstanding 1/1/2020	Additions	Deletions	Outstanding 12/31/2020	Amounts Due In One Year
Governmental Activities:					
Other Long-Term Obligations:					
Net Pension Liability	\$ 4,803,007	\$ -	\$ (1,145,446)	\$ 3,657,561	\$ -
Net OPEB Liability	895,502	54,825	-	950,327	-
Compensated Absences	481,106	203,998	(149,606)	535,498	130,928
<i>Total Governmental Activities</i>					
<i>Other Long-Term Obligations:</i>	<u>\$ 6,179,615</u>	<u>\$ 258,823</u>	<u>\$ (1,295,052)</u>	<u>\$ 5,143,386</u>	<u>\$ 130,928</u>
Business-Type Activities:					
General Obligation Refunding Bonds:					
Water Plant Improvement	\$ 127,532	\$ -	\$ (127,532)	\$ -	\$ -
Direct Borrowings:					
<i>OWDA loans:</i>					
2005 OWDA loan	14,087,674	-	(1,703,103)	12,384,571	1,719,320
2006 OWDA loan	7,431,593	-	(810,480)	6,621,113	826,771
2007 OWDA loan	606,039	-	(22,847)	583,192	23,845
2007 OWDA loan	286,378	-	(33,354)	253,024	34,025
2013 OWDA loan	43,235	-	(2,820)	40,415	2,875
2017 OWDA loan	4,258,010	-	(145,382)	4,112,628	149,550
2019 OWDA loan	6,040	137,433	(23,012)	120,461	46,024
2020 OWDA loan	-	1,220	-	1,220	-
2020 OWDA loan	-	2,521	-	2,521	-
<i>Total OWDA Loans</i>	<u>26,718,969</u>	<u>141,174</u>	<u>(2,740,998)</u>	<u>24,119,145</u>	<u>2,802,410</u>
<i>OPWC Loans:</i>					
2007 OPWC loan	79,187	-	(4,400)	74,787	8,798
2015 OPWC loan	528,000	-	(16,000)	512,000	32,000
2016 OPWC loan	643,004	-	(17,861)	625,143	35,722
<i>Total OPWC Loans</i>	<u>1,250,191</u>	<u>-</u>	<u>(38,261)</u>	<u>1,211,930</u>	<u>76,520</u>
<i>Total Direct Borrowings</i>	<u>27,969,160</u>	<u>141,174</u>	<u>(2,779,259)</u>	<u>25,331,075</u>	<u>2,878,930</u>
Other Long-Term Obligations:					
Net Pension Liability	1,303,208	-	(219,621)	1,083,587	-
Net OPEB Liability	603,142	127,490	-	730,632	-
Lease Obligation	144,890	-	(71,392)	73,498	73,498
Compensated Absences	326,032	132,345	(107,277)	351,100	87,511
<i>Total Other Long-Term Obligations</i>	<u>2,377,272</u>	<u>259,835</u>	<u>(398,290)</u>	<u>2,238,817</u>	<u>161,009</u>
<i>Total Business-Type Activities, Long-Term Liabilities</i>	<u>\$ 30,473,964</u>	<u>\$ 401,009</u>	<u>\$ (3,305,081)</u>	<u>\$ 27,569,892</u>	<u>\$ 3,039,939</u>

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
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General Obligations Bonds

On January 5, 2010, the City issued \$2,125,000 Water System Improvements Refunding Bonds, Series 2010, for the purpose of paying part of the cost of refunding the Water System Improvement Bonds, Series 1999, dated April 1, 1999. These bonds were issued for the purpose of financing the part of the costs of acquiring, constructing, renovating and remodeling improvements to the water supply and waterworks system of the Issuer, including upgrading the water treatment plant, clearwell, nano filters and aerators. This bond is subject to redemption at the option of the Issuer in whole or in part at any time in inverse order of maturity at a price equal to the principal amount to be redeemed plus accrued interest to the date of redemption. These bonds matured in 2020 and bore a fixed interest rate of 3.25-4.875 percent.

Direct Borrowings

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

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

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

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

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

The 2019 Ohio Water Development Authority (OWDA) loan is for improvements to the wastewater treatment plant's membranes. The loan was approved for \$230,120, of which \$143,473 had been drawn down as of December 31, 2020. The City's sewer system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for an elevated water tank replacement. The loan was approved for \$91,620, of which \$1,220 had been drawn down as of December 31, 2020. The City's water system revenues will be used for the principal repayment.

The 2020 Ohio Water Development Authority (OWDA) loan is for a waterline replacement on Fifth Street. The loan was approved for \$447,566, of which \$2,521 had been drawn down as of December 31, 2020. The City's water system revenues will be used for the principal repayment.

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

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

The 2016 Ohio Public Works Commission (OPWC) loan is for water meter replacement. The full amount of the loan is \$811,500 and matures in the year 2036. The City water system revenues will be used for the principal repayment.

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

The City has pledged future water and sewer revenues, net of specified operating expenses to repay \$25,331,075 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 111.09 percent. The total principal and interest remaining to be paid on the loans is \$26,140,293. Principal and interest paid for the current year and total net receipts were \$2,954,286 and \$2,659,413, respectively.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City Treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

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

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

On April 7, 2020, OPWC deferred all July 2020 loan payments with no payment due until January 2021 billing cycle with a six-month deferment for the life of the loan. This is reflected in the amortization schedule below.

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City of Delphos
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The annual requirements to amortize all bonded debt and loans as of December 31, 2020 are as follows:

	OWDA Loans *		OPWC Loans	Totals	
	Principal	Interest	Principal	Principal	Interest
2021	\$ 2,802,410	\$ 158,933	\$ 76,520	\$ 2,878,930	\$ 158,933
2022	2,837,183	140,531	76,521	2,913,704	140,531
2023	2,872,507	121,737	76,520	2,949,027	121,737
2024	2,908,393	102,538	76,521	2,984,914	102,538
2025	2,921,835	82,927	76,520	2,998,355	82,927
2026-2030	6,941,695	156,535	369,406	7,311,101	156,535
2031-2035	956,136	44,709	338,615	1,294,751	44,709
2036-2040	840,267	5,049	121,307	961,574	5,049
2041-2045	747,751	-	-	747,751	-
2046-2048	373,874	-	-	373,874	-
Undrawn	(86,647)	-	-	(86,647)	-
Totals	\$ 24,115,404	\$ 812,959	\$ 1,211,930	\$ 25,327,334	\$ 812,959

* The OWDA Loan balance does not tie to the amount on the previous page due the 2020 loans relating to projects still in process at year end. Both of these loans do not have a required payment until 2022 and an amortization schedule is not yet available.

NOTE 14: CAPITAL LEASES – LESSEE DISCLOSURE

In 2017, the City entered into a five year lease for the acquisition of a Vactor sewer cleaner. The lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. The lease payments will be made from the sewer fund. Principal payments in the amount of \$71,392 were made during 2020.

The asset acquired by the lease has been capitalized in the amount of \$357,264, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$89,316 as of December 31, 2020, leaving the current book value of \$267,948. A corresponding liability is recorded and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the lease and the present value of the minimum lease payments as of December 31, 2020:

	Business-Type Activities
Year ending December 31, 2020	\$ 75,667
Less: amount representing interest at the City's incremental borrowing rate of interest	(2,169)
Present value of net minimum lease payments	<u>\$ 73,498</u>

City of Delphos
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15: RISK MANAGEMENT

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

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

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

The City is partially self-insured. The insurance fund (an internal service fund) is used to account for employee premium contributions. The City contributes an amount determined by Council for each full-time employee to this fund. This amount pays for the medical out-of-pocket disbursements for the employee up to the contribution of the City. For 2020, employees had a health savings account. The claims liability at December 31, 2020, was estimated to be \$0.

The City is self-insured for its medical insurance program. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The City is a member of the Jefferson Health Plan, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. Claims above a \$50,000 deductible are internally pooled. Claims above \$1,500,000 are covered by stop loss. The claims liability at December 31, 2020, was estimated by the third party administrator to be \$82,147. Under generally accepted accounting principles, the City has recorded a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability for 2020 and 2019 are as follows:

Liability Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2020	\$ 26,184	\$ 242,623	\$ 186,660	\$ 82,147
2019	\$ 31,033	\$ 201,565	\$ 206,414	\$ 26,184

NOTE 16: CONTINGENCIES

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

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

City of Delphos
Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 17: FUND BALANCE

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

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

	<u>General Fund</u>	<u>Income Tax</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable for:				
Long-term Advances	\$ 100,000	\$ -	\$ -	\$ 100,000
Prepays	35,337	660	11,153	47,150
Unclaimed Monies	3,386	-	-	3,386
Total Nonspendable	<u>138,723</u>	<u>660</u>	<u>11,153</u>	<u>150,536</u>
Restricted for:				
Capital Outlay	-	-	1,844,988	1,844,988
Street Maintenance	-	-	277,725	277,725
Public Safety	-	-	270,971	270,971
Economic Development	-	-	5,349	5,349
Parks and Recreation	-	-	187,782	187,782
Total Restricted	<u>-</u>	<u>-</u>	<u>2,586,815</u>	<u>2,586,815</u>
Committed for:				
Income Tax	-	217,606	-	217,606
Guaranteed Street Bond	-	-	19,100	19,100
Total Committed	<u>-</u>	<u>217,606</u>	<u>19,100</u>	<u>236,706</u>
Assigned:				
Subsequent Year Appropriations	<u>1,819,195</u>	<u>-</u>	<u>-</u>	<u>1,819,195</u>
Unassigned	<u>279,335</u>	<u>-</u>	<u>-</u>	<u>279,335</u>
Total Fund Balance	<u>\$ 2,237,253</u>	<u>\$ 218,266</u>	<u>\$ 2,617,068</u>	<u>\$ 5,072,587</u>

NOTE 18: COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.009452%	0.008497%	0.008595%	0.008268%
City's Proportionate Share of the Net Pension Liability	\$ 1,868,252	\$ 2,327,156	\$ 1,348,433	\$ 1,877,626
City's Covered Payroll	\$ 1,329,829	\$ 1,144,764	\$ 1,138,914	\$ 1,111,750
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.49%	203.29%	118.40%	168.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.042647%	0.046297%	0.046461%	0.040498%
City's Proportionate Share of the Net Pension Liability	\$ 2,872,896	\$ 3,779,059	\$ 2,851,509	\$ 2,565,091
City's Covered Payroll	\$ 1,027,351	\$ 1,066,890	\$ 1,025,748	\$ 881,807
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	279.64%	354.21%	277.99%	290.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.008064%	0.008028%	0.008028%
\$	1,396,786	\$ 968,267	\$ 946,397
\$	1,003,625	\$ 1,032,858	\$ 1,427,915
	139.17%	93.75%	66.28%
	81.08%	86.45%	86.36%
	0.034220%	0.037535%	0.037535%
\$	2,201,397	\$ 1,944,464	\$ 1,828,067
\$	714,809	\$ 763,545	\$ 974,959
	307.97%	254.66%	187.50%
	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 179,923	\$ 186,176	\$ 160,267	\$ 148,059
Contributions in Relation to the Contractually Required Contribution	<u>(179,923)</u>	<u>(186,176)</u>	<u>(160,267)</u>	<u>(148,059)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764	\$ 1,138,914
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 239,471	\$ 212,792	\$ 221,133	\$ 214,753
Contributions in Relation to the Contractually Required Contribution	<u>(239,471)</u>	<u>(212,792)</u>	<u>(221,133)</u>	<u>(214,753)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890	\$ 1,025,748
Contributions as a Percentage of Covered Payroll	20.77%	20.71%	20.73%	20.94%

(n/a) Information prior to 2013 is not available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 133,607	\$ 120,435	\$ 123,943	\$ 185,629	n/a	n/a
<u>(133,607)</u>	<u>(120,435)</u>	<u>(123,943)</u>	<u>(185,629)</u>	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a
\$ 1,111,750	\$ 1,003,625	\$ 1,032,858	\$ 1,427,915	n/a	n/a
12.02%	12.00%	12.00%	13.00%	n/a	n/a
\$ 184,251	\$ 146,805	\$ 156,819	\$ 171,153	\$ 142,533	\$ 173,813
<u>(184,251)</u>	<u>(146,805)</u>	<u>(156,819)</u>	<u>(171,153)</u>	<u>(142,533)</u>	<u>(173,813)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959	\$ 977,208	\$ 1,191,664
20.89%	20.54%	20.54%	17.55%	14.59%	14.59%

See accompanying notes to the required supplementary information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net OPEB Liability	0.009120%	0.008261%	0.008365%	0.008065%
City's Proportionate Share of the Net OPEB Liability	\$ 1,259,709	\$ 1,077,039	\$ 908,354	\$ 814,592
City's Covered Payroll	\$ 1,329,829	\$ 1,144,764	\$ 1,144,764	\$ 1,138,914
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	94.73%	94.08%	79.35%	71.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net OPEB Liability	0.042647%	0.046297%	0.046461%	0.040498%
City's Proportionate Share of the Net OPEB Liability	\$ 421,250	\$ 421,605	\$ 2,632,404	\$ 1,922,349
City's Covered Payroll	\$ 1,027,351	\$ 1,066,890	\$ 1,066,890	\$ 1,025,748
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.00%	39.52%	246.74%	187.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 11,389
Contributions in Relation to the Contractually Required Contribution	-	-	-	(11,389)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 1,285,164	\$ 1,329,829	\$ 1,144,764	\$ 1,138,914
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 5,765	\$ 5,137	\$ 5,334	\$ 5,129
Contributions in Relation to the Contractually Required Contribution	(5,765)	(5,137)	(5,334)	(5,129)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,153,020	\$ 1,027,351	\$ 1,066,890	\$ 1,025,748
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 22,235	n/a	n/a	n/a	n/a	n/a
<u>(22,235)</u>	n/a	n/a	n/a	n/a	n/a
<u>\$ -</u>	n/a	n/a	n/a	n/a	n/a
\$ 1,111,750	n/a	n/a	n/a	n/a	n/a
2.00%	n/a	n/a	n/a	n/a	n/a
\$ 4,409	\$ 3,574	\$ 3,818	\$ 31,657	\$ 65,962	\$ 80,739
<u>(4,409)</u>	<u>(3,574)</u>	<u>(3,818)</u>	<u>(31,657)</u>	<u>(65,962)</u>	<u>(80,739)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 881,807	\$ 714,809	\$ 763,545	\$ 974,959	\$ 977,208	\$ 1,191,664
0.50%	0.50%	0.50%	3.25%	6.75%	6.78%

See accompanying notes to the required supplementary information.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

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

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY

Changes in Assumptions - OPERS

For calendar year 2020, the following changes were made to the actuarial assumptions:

- Discount rate from 3.96 percent to 3.16 percent
- Municipal bond rate from 3.71 percent to 2.75 percent
- Health Care Cost Trend Rate from 10.00 percent to 10.50 percent

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

For calendar year 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

City of Delphos
Allen County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Benefit Terms – OPERS

No significant changes in benefit terms.

Changes in Assumptions – OP&F

For calendar year 2020, the single discount rate decreased from 4.66 percent to 3.56 percent and the municipal bond rate from 4.13 percent to 2.75 percent.

For calendar year 2019, the discount rate increased from 3.24 percent to 4.66 percent and the municipal bond rate from 3.16 percent to 4.13 percent.

For calendar year 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Changes in Benefit Terms – OP&F

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

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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**

June 30, 2022

Honorable Members of the
City Council
of City of Delphos, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Delphos** (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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



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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 30, 2022

Honorable Mayor and
Members of the City Council
City of Delphos, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Delphos, Ohio** (the "City") as of and for the year ended December 31, 2020, and have issued our report thereon dated June 30, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 11, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated June 30, 2022. In addition, we noted certain other matters which are included in Attachment A to this letter.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

In addition, the financial statements include net pension and other postemployment benefit liabilities and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the **City of Delphos, Ohio** and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

CITY OF DELPHOS, OHIO

Attachment A - Comments and Recommendations

For the December 31, 2020 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. Our consideration of the City's internal control over financial reporting is described in our report, dated June 30, 2022, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated June 30, 2022, on the financial statements of the City of Delphos, Ohio.

NICS Testing Under Ohio Revised Code - Repeat

Ohio Rev. Code §507.12 (B) and (C), a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office.

The Auditor of State is responsible for conducting education programs and continuing education courses for fiscal officers. "Fiscal officer" includes city auditor, city treasurer, village fiscal officer, village clerk-treasurer, any officer with duties and functions similar to those of the city or village officer Ohio Rev. Code § 733.81 (A).

A "failure to complete" notice will be issued by the Auditor of State for those fiscal officers who fail to complete the requirements. This does not affect the individual's ability to hold office and is for informational purposes only.

As of the date of this report, neither of the City's fiscal officers have completed this required training. The City should consider implementing a way of tracking these educational requirements for the fiscal officers to ensure proper training is acquired.



CITY OF DELPHOS, OHIO

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2020 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 87 ■ Leases

Effective 06/15/2022 (your FY 2022)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2021 (your FY 2021)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the City.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2022 (your FY 2022)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is *more likely than not* that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the City.

GASB 92 ■ Omnibus 2020

Effective 06/15/2022 (your FY 2022)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the City.

CITY OF DELPHOS, OHIO

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2020 Audit

GASB 93 ■ Replacement of Interbank Offered Rates

Effective 06/15/2022 (your FY 2022)

This standard provides guidance to governments with agreements with variable payments tied to LIBOR, and how to transition them to a new reference rate. We do not expect this standard to have any significant effect on the City.

GASB 94 ■ Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective 06/15/2023 (your FY 2023)

This standard addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. We do not expect this standard to have any significant effect on the City.

GASB 96 ■ Subscription-Based Information Technology Arrangements

Effective 06/15/2023 (your FY 2023)

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now report offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.

GASB 97 ■ Certain Component Unit Criteria and IRC Section 457 Deferred Compensation Plans

Effective 06/15/2022 (your FY 2022)

This standard amends the requirements for when to report defined contribution pension plans (such as 401k and 403b plans) as fiduciary component units, and how to account for Section 457 deferred compensation plans.

GASB 98 ■ The Annual Comprehensive Financial Report

Effective 12/15/2021 (your FY 2021)

This Statement establishes the term "annual comprehensive financial report" and its acronym ACFR. That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments.

CITY OF DELPHOS, OHIO

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2020 Audit

GASB 99 ■ Omnibus 2022

Effective 06/15/2023 (your FY 2023)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the City.

GASB 100 ■ Accounting Changes and Error Corrections

Effective 06/15/2024 (your FY 2024)

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the City.



CITY OF DELPHOS, OHIO

■ Attachment C – Management Representations

For the December 31, 2020 Audit

The following pages contain the written representations that we requested from management.



City of Delphos

608 N. Canal St. Delphos, OH 45833

419-695-4010

www.cityofdelphos.com

Douglas Mullenhour, Mayor

James Mehaffie, Safety Service Director

June 30, 2022

Rehmann Robson
7124 W. Central Avenue
Toledo, OH 43617

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *City of Delphos, Ohio* (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and each major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 30, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 11, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

6. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
24. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$545,092 during 2020 from various funding sources to be used to

respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as vaccination programs, personal protection equipment (PPE) programs, small business grants, housing assistance and food and transportation assistance among others.

Information Provided

25. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
26. All transactions have been recorded in the accounting records and are reflected in the financial statements.
27. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
28. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
29. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
30. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
31. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
32. We have a process to track the status of audit findings and recommendations.
33. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
34. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
35. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
36. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
37. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
38. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
39. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.

40. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
41. There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
42. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
43. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
44. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Required Supplementary Information

45. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Adam Kayser, City Auditor



Julie Fish, Deputy Auditor

CITY OF DELPHOS, OHIO

Schedule of Adjustments Passed (SOAP)

For the December 31, 2020 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Street Maintenance - Fund 41					
Understatement of Due From Other Governments - gas excise tax	\$ (10,642)	\$ (10,642)	\$ -	\$ -	\$ -
Understatement of Due From Other Governments - motor vehicle tax	(6,089)	(6,089)	-	-	-
Total Street Maintenance	<u>\$ (16,731)</u>	<u>\$ (16,731)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Governmental activities					
Cumulative effect of items noted above	<u>\$ (16,731)</u>	<u>\$ (16,731)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Misstatement as a percentage of total assets - governmental activities					
	-0.1%	-0.1%	0.0%	0.0%	0.0%
Sewer Fund - 44					
Effect of prior year passed adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,549</u>	<u>\$ -</u>	<u>\$ 62,549</u>
Misstatement as a percentage of total assets - business type activities					
	0.0%	0.0%	0.1%	0.0%	0.1%

OHIO AUDITOR OF STATE KEITH FABER



CITY OF DELPHOS

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/25/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov