



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF CANFIELD
MAHONING COUNTY**

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MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

City of Canfield
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

To the Members of Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield, Mahoning County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield, Mahoning County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, Police Department Operating Levy and American Rescue Plan Act funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The management's discussion and analysis of the City of Canfield's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased \$1,563,443. Net position of governmental activities increased \$333,061 or 2.06% from 2021's net position. Net position of business-type activities increased \$1,230,383 or 8.06% from 2021's net position.
- General revenues accounted for \$6,356,717 of total governmental activities revenue. Program specific revenues accounted for \$2,098,087 or 24.82% of total governmental activities revenue.
- The City had \$8,121,743 in expenses related to governmental activities; \$2,098,087 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$6,023,656 were offset by general revenues (primarily taxes and unrestricted grants and entitlements) of \$6,356,717.
- The general fund had revenues and other financing sources of \$5,639,921 in 2022. This represents an increase of \$873,205 from 2021. The expenditures and other financing uses of the general fund, which totaled \$5,319,295 in 2022, increased \$68,199 from 2021. The net increase in fund balance for the general fund was \$320,626 or 23.49%.
- The street construction maintenance and repair fund had revenues of \$1,141,729 in 2022. The expenditures of the street construction maintenance and repair fund totaled \$1,081,204 in 2022. The net increase in fund balance for the street construction maintenance and repair fund was \$60,525 or 6.78%.
- The police department operating levy fund had revenues of \$793,286 in 2022. The expenditures of the police department operating levy fund totaled \$764,441 in 2022. The net increase in fund balance was \$28,845 or 11.58%.
- The American Rescue Plan Act fund had revenues of \$150,784 in 2022. The expenditures of the American Rescue Plan Act fund totaled \$150,784 in 2022. The fund balance of this fund remained \$0.
- Net position for the business-type activities, which are made up of the Sewer, Water and Storm enterprise funds increased in 2022 by \$1,230,382 from the prior year.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all non fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 that 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 restricting revenue growth, facility conditions, required community programs 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 police, parks, recreation, cemeteries, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and storm water operations are reported here.

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 segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the street construction maintenance and repair fund, the police department operating levy fund, and the American Rescue Plan Act fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. All of the City's enterprise funds are considered major funds. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial and private-purpose trust funds are the City's fiduciary fund types.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension/OPEB assets and liabilities.

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Government-Wide Financial Analysis

The table below provides a summary of the City's net position for 2022 and 2021.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Assets:</u>						
Current and Other Assets	\$ 7,266,852	\$ 6,690,638	\$ 2,234,326	\$ 2,186,416	\$ 9,501,178	\$ 8,877,054
Capital Assets	<u>17,448,351</u>	<u>18,153,094</u>	<u>15,981,358</u>	<u>15,026,632</u>	<u>33,429,709</u>	<u>33,179,726</u>
Total Assets	<u>24,715,203</u>	<u>24,843,732</u>	<u>18,215,684</u>	<u>17,213,048</u>	<u>42,930,887</u>	<u>42,056,780</u>
<u>Deferred Outflows:</u>						
Pension	1,569,318	1,030,921	115,541	142,026	1,684,859	1,172,947
OPEB	<u>440,594</u>	<u>616,608</u>	<u>15,604</u>	<u>73,682</u>	<u>456,198</u>	<u>690,290</u>
Total Deferred Outflows	<u>2,009,912</u>	<u>1,647,529</u>	<u>131,145</u>	<u>215,708</u>	<u>2,141,057</u>	<u>1,863,237</u>
<u>Liabilities:</u>						
Long-term Liabilities Outstanding	682,089	963,940	1,144,047	795,010	1,826,136	1,758,950
Net Pension Liability	4,146,444	5,123,307	218,284	423,734	4,364,728	5,547,041
Net OPEB Liability	585,302	587,102	-	-	585,302	587,102
Other Liabilities	<u>816,747</u>	<u>645,074</u>	<u>43,221</u>	<u>457,305</u>	<u>859,968</u>	<u>1,102,379</u>
Total Liabilities	<u>6,230,582</u>	<u>7,319,423</u>	<u>1,405,552</u>	<u>1,676,049</u>	<u>7,636,134</u>	<u>8,995,472</u>
<u>Deferred Inflows:</u>						
Property taxes	1,346,973	1,344,651	-	-	1,346,973	1,344,651
Pension	2,165,437	981,001	341,949	280,293	2,507,386	1,261,294
OPEB	<u>518,837</u>	<u>715,961</u>	<u>110,580</u>	<u>214,048</u>	<u>629,417</u>	<u>930,009</u>
Total Deferred Inflows	<u>4,031,247</u>	<u>3,041,613</u>	<u>452,529</u>	<u>494,341</u>	<u>4,483,776</u>	<u>3,535,954</u>
<u>Net Position:</u>						
Net investment in capital assets	16,968,351	17,241,241	14,844,786	13,902,051	31,813,137	31,143,292
Restricted	1,475,890	1,185,816	-	-	1,475,890	1,185,816
Unrestricted	<u>(1,980,955)</u>	<u>(2,296,832)</u>	<u>1,643,962</u>	<u>1,356,315</u>	<u>(336,993)</u>	<u>(940,517)</u>
Total Net Position	<u>\$ 16,463,286</u>	<u>\$ 16,130,225</u>	<u>\$ 16,488,748</u>	<u>\$ 15,258,366</u>	<u>\$ 32,952,034</u>	<u>\$ 31,388,591</u>

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

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

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$32,952,034. At year-end, net position was \$16,463,286 and \$16,488,748 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 77.87% of total assets. Capital assets include land, buildings, land improvements, equipment, infrastructure and construction in progress. Net investment in capital assets at December 31, 2022, was \$16,968,351 and \$14,844,786 in the governmental activities and business-type activities, respectively. 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, \$1,475,890, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$1,980,955.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The table below shows the changes in net position for fiscal year 2022 and 2021.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 703,790	\$ 675,683	\$ 4,142,600	\$ 4,159,773	\$ 4,846,390	\$ 4,835,456
Operating grants and contributions	1,215,169	1,044,938	8,535	700	1,223,704	1,045,638
Capital grants and contributions	<u>179,128</u>	<u>-</u>	<u>1,091,224</u>	<u>-</u>	<u>1,270,352</u>	<u>-</u>
Total program revenues	<u>2,098,087</u>	<u>1,720,621</u>	<u>5,242,359</u>	<u>4,160,473</u>	<u>7,340,446</u>	<u>5,881,094</u>
General revenues:						
Property taxes	1,397,602	1,388,526	-	-	1,397,602	1,388,526
Income taxes	4,476,494	4,028,922	-	-	4,476,494	4,028,922
Unrestricted grants and entitlements	178,068	129,678	-	-	178,068	129,678
Investment earnings	46,532	7,001	-	-	46,532	7,001
Miscellaneous	<u>258,021</u>	<u>112,401</u>	<u>11,857</u>	<u>740</u>	<u>269,878</u>	<u>113,141</u>
Total general revenues	<u>6,356,717</u>	<u>5,666,528</u>	<u>11,857</u>	<u>740</u>	<u>6,368,574</u>	<u>5,667,268</u>
Total revenues	<u>8,454,804</u>	<u>7,387,149</u>	<u>5,254,216</u>	<u>4,161,213</u>	<u>13,709,020</u>	<u>11,548,362</u>
Expenses:						
General government	1,643,404	1,285,703	-	-	1,643,404	1,285,703
Security of persons and property	4,809,863	3,497,393	-	-	4,809,863	3,497,393
Public health and welfare	112,520	92,571	-	-	112,520	92,571
Transportation	1,318,483	1,142,049	-	-	1,318,483	1,142,049
Community environment	95,880	63,800	-	-	95,880	63,800
Leisure time activity	122,699	75,095	-	-	122,699	75,095
Other	-	-	-	-	-	-
Interest and fiscal charges	18,894	28,437	-	-	18,894	28,437
Water	-	-	1,948,060	1,809,686	1,948,060	1,809,686
Sewer	-	-	1,612,661	1,432,127	1,612,661	1,432,127
Storm	<u>-</u>	<u>-</u>	<u>463,113</u>	<u>446,802</u>	<u>463,113</u>	<u>446,802</u>
Total expenses	<u>8,121,743</u>	<u>6,185,048</u>	<u>4,023,834</u>	<u>3,688,615</u>	<u>12,145,577</u>	<u>9,873,663</u>
Change in net position	333,061	1,202,101	1,230,382	472,598	1,563,443	1,674,699
Net position at beginning of year	<u>16,130,225</u>	<u>14,928,124</u>	<u>15,258,366</u>	<u>14,785,768</u>	<u>31,388,591</u>	<u>29,713,892</u>
Net position at end of year	<u>\$ 16,463,286</u>	<u>\$ 16,130,225</u>	<u>\$ 16,488,748</u>	<u>\$ 15,258,366</u>	<u>\$ 32,952,034</u>	<u>\$ 31,388,591</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Governmental Activities

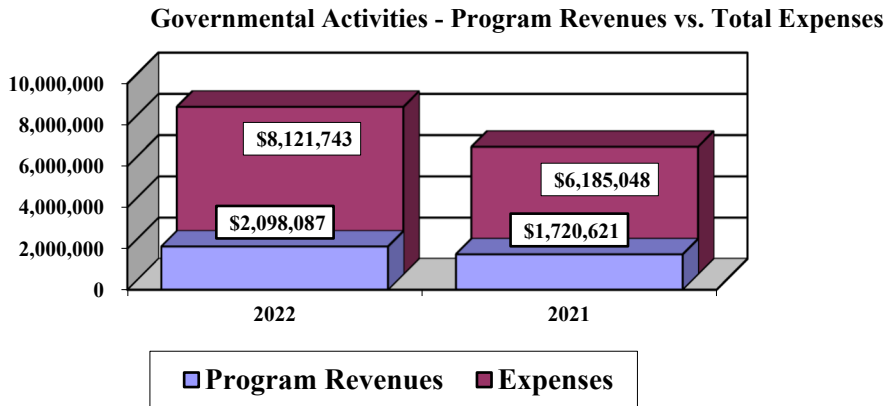
Governmental activities net position increased \$333,061 in 2022.

Security of persons and property which primarily supports the operations of the police department and streetlights accounted for \$4,809,863 or 59.22% of the total expenses of the City. Security of persons and property expenses were partially funded by \$449,815 in direct charges to users of the services and \$442,533 in operating grants and contributions. General government expenses totaled \$1,643,404 or 20.23% of the total expenses of the City. General government expenses were funded by \$180,391 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$1,394,297 in grants and contributions. These revenues are restricted to a particular program or purpose. The City received \$774,539 in grants and contributions that were used to subsidize transportation programs.

General revenues totaled \$6,356,717 and amounted to 75.18% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$5,874,096. The other primary source of general revenues is grants and entitlements not restricted to specific programs, making up \$178,068.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. As program revenues are not sufficient to cover total governmental expenses.



**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

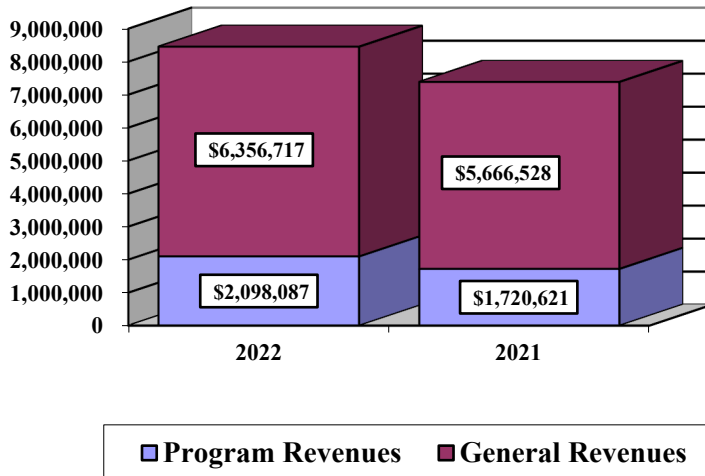
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses:				
General government	\$ 1,643,404	\$ 1,304,166	\$ 1,285,703	\$ 983,760
Security of persons and property	4,809,863	3,917,515	3,497,393	2,787,951
Public health and welfare	112,520	68,053	92,571	69,488
Transportation	1,318,483	543,944	1,142,049	485,902
Community environment	95,880	93,180	63,800	60,855
Leisure time activity	122,699	86,327	75,095	56,111
Interest and fiscal charges	18,894	10,471	28,437	20,360
Total	\$ 8,121,743	\$ 6,023,656	\$ 6,185,048	\$ 4,464,427

The dependence upon general revenues for governmental activities is apparent, with 74.17% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2022 and 2021.

Governmental Activities – General and Program Revenues

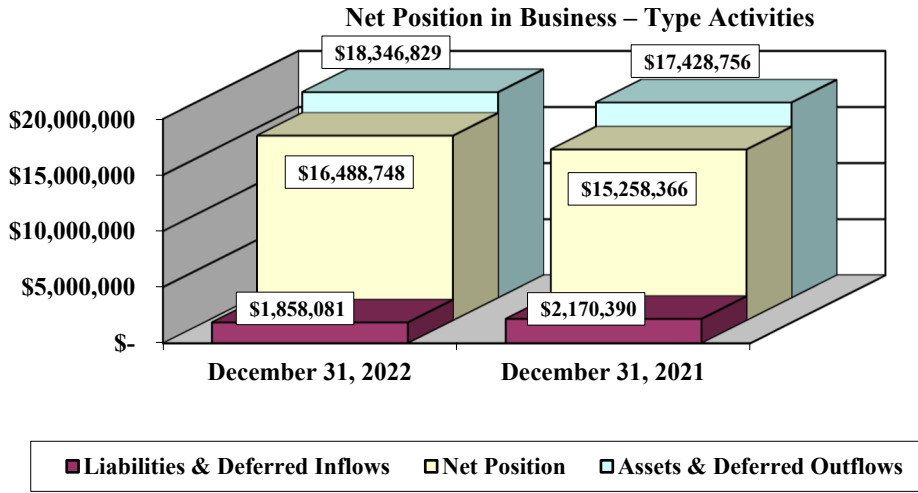


Business-Type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These funds had program revenues of \$5,242,359, general revenues of \$11,857 and expenses of \$4,023,834 for 2022. The graph on the following page shows the business-type activities assets, liabilities, and net position at year-end.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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 the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$3,716,647 which is an increase of \$251,869 from last year's total of \$3,464,778.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and non-major governmental funds.

	Fund Balances 12/31/22	Fund Balances 12/31/21	Change	Percentage Change
Major Funds:				
General	\$ 1,685,381	\$ 1,364,755	\$ 320,626	23.49%
Street Construction, Maintenance and Repair	952,611	892,086	60,525	6.78%
Police Department Operating Levy Fund	277,880	249,035	28,845	11.58%
American Rescue Plan	-	-	-	0.00%
Other Nonmajor Governmental Funds	800,775	958,902	(158,127)	(16.49%)
Total	\$ 3,716,647	\$ 3,464,778	\$ 251,869	7.27%

The increase in fund balance of the general fund is primarily due to decreased expenditures on capital outlay during fiscal year 2022.

General Fund

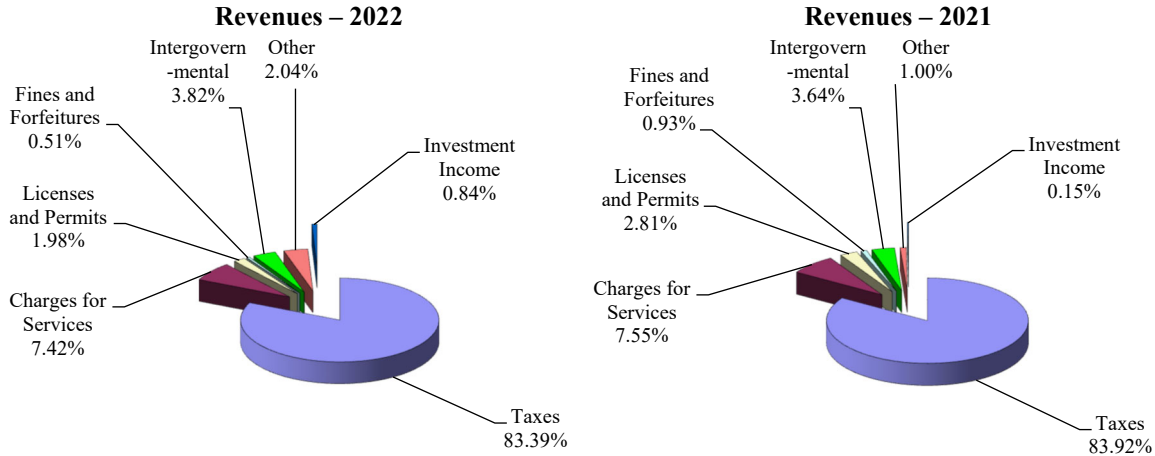
The City's general fund balance increased \$320,626. The table that follows assists in illustrating the revenues of the general fund.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Income Taxes	\$ 4,416,694	\$ 4,000,722	\$ 415,972	10.40%
Real and Other Taxes	214,131	-	214,131	N/A
Special Assessments	754	-	754	N/A
Charges for Services	412,211	359,877	52,334	14.54%
Licenses and Permits	109,707	133,879	(24,172)	(18.06%)
Fines and Forfeitures	28,324	44,362	(16,038)	(36.15%)
Intergovernmental	212,260	173,382	38,878	22.42%
Investment income	46,532	7,001	39,531	564.65%
Other	113,441	47,493	65,948	138.86%
Total	<u>\$ 5,554,054</u>	<u>\$ 4,766,716</u>	<u>\$ 787,338</u>	16.52%

Revenues in the general fund increased \$787,338 or 16.52% in 2022. Income tax revenue represents 79.52% of all 2022 general fund revenue. Income tax revenue increased 10.40% over the prior year. Intergovernmental revenue increased \$38,878 or 22.42% due to an increase in federal grants and state local government revenue. Revenues from charges for services increased \$52,334 or 14.54% compared to 2021. Investment income increased by \$39,531 or 564.65% due to a increase in earnings from the City's general checking account. The City started receiving property tax and special assessment revenues in fiscal year 2022. All other revenues remained consistent with the prior year.



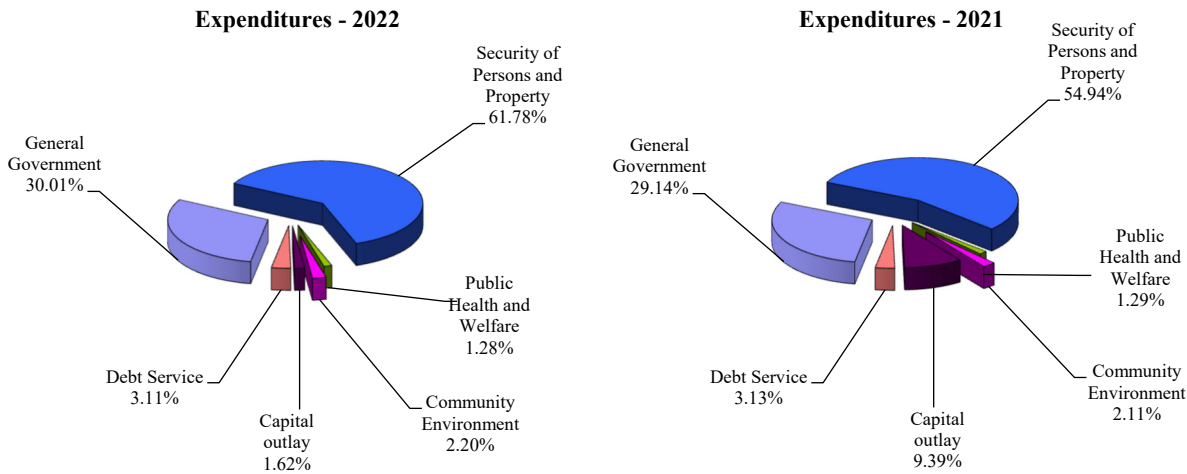
**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The table that follows assists in illustrating the expenditures of the general fund.

	2022	2021		Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>
<u>Expenditures</u>				
General Government	\$ 1,562,425	\$ 1,504,909	\$ 57,516	3.82%
Security of Persons and Property	3,215,442	2,838,102	377,340	13.30%
Public Health and Welfare	66,771	66,432	339	0.51%
Community Environment	114,673	108,749	5,924	5.45%
Capital Outlay	84,387	484,740	(400,353)	(82.59%)
Debt service	161,839	161,839	-	0.00%
Total	<u>\$ 5,205,537</u>	<u>\$ 5,164,771</u>	<u>\$ 40,766</u>	0.79%

The City's total general fund expenditures increased \$40,766 or 0.79% in 2022. The greatest increases were in security of person and property expenditures. Security of persons and property expenditure function increased due to greater expenditures for the police department in fiscal year 2022. Capital outlay expenditures decreased by \$400,353 in the general fund. Capital outlay is a category that can fluctuate significantly depending on what is being replaced or purchased.



Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, the street construction maintenance and repair fund, the American Rescue Plan Act fund, and the police department operating levy fund. In the general fund, the actual revenues and other financing sources came in \$105,958 greater than they were in the final budget and actual expenditures and other financing uses were \$316,540 less than the amount in the final budgeted appropriations. Budgeted expenditures and other financing uses were increased \$322,000 from the original to the final budget. Budgeted revenues and other financing sources increased \$550,000 from the original to the final budget due to increased income taxes received.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Street Construction Maintenance and Repair Fund

The street construction maintenance and repair fund had revenues of \$1,141,729 in 2022. The expenditures of the street construction, maintenance, and repair fund, totaled \$1,081,204 and fund balance increased \$60,525 or 6.78% during 2022. The decrease in capital outlay expenditures was a result of the resurfacing project and other road improvement projects within the City that took place in 2021.

Police Department Operating Levy Fund

The police department operating levy fund had revenues of \$793,286 in 2022. The expenditures totaled \$764,441, the increase in fund balance and fund balance at years end were \$28,845 and \$277,880, respectively. The increase in fund balance is primarily due to a decrease in capital outlay expenditure of \$94,880.

American Rescue Plan Act Fund

The American Rescue Plan Act fund had revenues of \$150,784 in 2022. The expenditures of the American Rescue Plan Act fund totaled \$150,784 in 2022. The fund balance of this fund remained \$0.

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. All of the City's enterprise funds are considered major funds. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements, as well as internal balances between the governmental and business-type funds due to the allocation of the internal service fund (reported as internal balances) which are not reported on the proprietary statements.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the City had \$33,429,709 (net of accumulated depreciation) invested in land, buildings, land improvements, equipment, infrastructure, and construction in progress (CIP). Of this total, \$17,448,351 was reported in governmental activities and \$15,981,358 was reported in business-type activities. The following table shows fiscal 2022 balances compared to 2021. See Note 9 to the basic financial statements for details on the City's capital assets.

**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,383,608	\$ 2,383,608	\$ 21,297	\$ 21,297	\$ 2,404,905	\$ 2,404,905
Construction in progress	46,845	1,341,016	732,917	2,079,940	779,762	3,420,956
Buildings	1,725,993	1,520,995	837,420	867,165	2,563,413	2,388,160
Equipment	1,789,057	1,478,140	476,899	516,814	2,265,956	1,994,954
Infrastructure	<u>11,502,848</u>	<u>11,429,335</u>	<u>13,912,825</u>	<u>11,541,416</u>	<u>25,415,673</u>	<u>22,970,751</u>
Totals	<u>\$ 17,448,351</u>	<u>\$ 18,153,094</u>	<u>\$ 15,981,358</u>	<u>\$ 15,026,632</u>	<u>\$ 33,429,709</u>	<u>\$ 33,179,726</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The City's infrastructure is the largest governmental activities capital asset category, which includes bridges and streets. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 65.93 % of the City's total governmental capital assets at December 31, 2022.

The City's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 87.06% of the City's total business-type capital assets at December 31, 2022.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2022 and 2021:

Governmental Activities		
	<u>2022</u>	<u>2021</u>
General obligation notes	\$ 457,222	\$ 714,009
Vehicle acquisition bond	<u>22,778</u>	<u>44,718</u>
Total long-term obligations	<u>\$ 480,000</u>	<u>\$ 758,727</u>
Business-Type Activities		
	<u>2022</u>	<u>2021</u>
OPWC loans	\$ 531,517	\$ 575,966
OWDA loan	427,472	-
General obligation notes	<u>161,644</u>	<u>194,969</u>
Total long-term obligations	<u>\$ 1,120,633</u>	<u>\$ 770,935</u>

All of the City's long-term obligations are considered direct borrowings. Further detail on the City's long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Economic Development efforts have continued in 2022. Our reinstated Community Reinvestment Area (CRA) Housing Council successfully instituted tax abatements for residential remodels, as well as tax abatements for new construction of commercial property. There is new residential development on N Broad St through a Planned Unit Development (PUD). Construction on Phase 1 infrastructure is complete in the Millennial Moments JEDD. Construction of homes and other commercial buildings has started. City management has also been working diligently with other public entities and a potential developer for the Red Gate Farm property.

The annual street resurfacing program in 2022 paved the following streets: Oak Tree Dr, Preserve Blvd., part of Willow Way and some other miscellaneous areas that needed repaired.

One of the biggest improvements to our water infrastructure will be the installation of automated water meters. The City of Canfield is utilizing American Rescue Plan Act (ARPA) Funds to convert the remaining households in the City with automated water meters. The total project timeline is anticipated to take three (3) years. Construction work was performed for the Bradford Dr and backup feed from the City of Youngstown water lines. These water line replacements address a significant need for improvements on water lines that have combined for a total of sixteen (16) watermain breaks over the last 4 years.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

In the Spring of 2023, work will commence to rebuild the interior of the 1,000,000 gallon water storage tank on Fairground Blvd. The replacement of 750 feet of waterline on Indian Lake Blvd to Holly St will take place Summer of 2023 due to excessive watermain breaks.

The City of Canfield completed Phase 1 of the Red Gate Sanitary Sewer Extension project. Work is currently underway for Phase 2 and Phase 3 of the Red Gate Sanitary Sewer Extension project.

Staff is working with MS Consultants Inc. on the final details and design of the Sawmill Creek drainage project that will improve storm water systems on Bradford and Briarcliff and will add storage areas along Sawmill Creek. This project is anticipated to start Spring of 2023.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Christine Clayton, Finance Director, 104 Lisbon Street, Canfield, Ohio 44406.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 2,921,464	\$ 1,466,054	\$ 4,387,518
Receivables:			
Income taxes.	1,129,356	-	1,129,356
Real and other taxes	1,476,583	-	1,476,583
Accounts.	107,074	1,189,877	1,296,951
Special assessments	38,526	-	38,526
Due from other governments.	479,133	128,536	607,669
Prepayments	106,796	21,342	128,138
Net pension asset.	43,306	11,666	54,972
Net OPEB asset.	300,516	80,949	381,465
Internal balance	664,098	(664,098)	-
Capital assets:			
Land and construction in progress.	2,430,453	754,214	3,184,667
Depreciable capital assets, net.	15,017,898	15,227,144	30,245,042
Total capital assets, net.	17,448,351	15,981,358	33,429,709
Total assets	<u>24,715,203</u>	<u>18,215,684</u>	<u>42,930,887</u>
Deferred outflows of resources:			
Pension	1,569,318	115,541	1,684,859
OPEB	440,594	15,604	456,198
Total deferred outflows of resources	<u>2,009,912</u>	<u>131,145</u>	<u>2,141,057</u>
Liabilities:			
Accounts payable.	1,553	2,992	4,545
Contracts payable.	-	15,939	15,939
Accrued wages payable.	128,461	19,896	148,357
Due to other governments	24,836	4,322	29,158
Accrued interest payable	1,034	72	1,106
Claims payable.	18,349	-	18,349
Deposits held and due to others.	153,171	-	153,171
Unearned revenue	489,343	-	489,343
Long-term liabilities:			
Due within one year	380,478	102,101	482,579
Due in more than one year:			
Net pension liability.	4,146,444	218,284	4,364,728
Net OPEB liability.	585,302	-	585,302
Other amounts due in more than one year.	301,611	1,041,946	1,343,557
Total liabilities	<u>6,230,582</u>	<u>1,405,552</u>	<u>7,636,134</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . . .	1,346,973	-	1,346,973
Pension	2,165,437	341,949	2,507,386
OPEB	518,837	110,580	629,417
Total deferred inflows of resources	<u>4,031,247</u>	<u>452,529</u>	<u>4,483,776</u>
Net position:			
Net investment in capital assets	16,968,351	14,844,786	31,813,137
Restricted for:			
Debt service	24,208	-	24,208
Capital projects	4,828	-	4,828
Transportation projects	1,029,467	-	1,029,467
Security of persons and property.	216,068	-	216,068
Health and welfare	4,800	-	4,800
Permanent fund - expendable	124,119	-	124,119
Permanent fund - nonexpendable	72,400	-	72,400
Unrestricted (deficit).	(1,980,955)	1,643,962	(336,993)
Total net position.	<u>\$ 16,463,286</u>	<u>\$ 16,488,748</u>	<u>\$ 32,952,034</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,643,404	\$ 180,391	\$ 158,847	\$ -
Security of persons and property . . .	4,809,863	449,815	442,533	-
Public health and welfare	112,520	41,029	3,438	-
Transportation.	1,318,483	-	595,411	179,128
Community environment	95,880	2,700	-	-
Leisure time activity.	122,699	29,855	6,517	-
Interest and fiscal charges.	18,894	-	8,423	-
Total governmental activities	<u>8,121,743</u>	<u>703,790</u>	<u>1,215,169</u>	<u>179,128</u>
Business-type activities:				
Water	1,948,060	2,039,415	2,845	228,000
Sewer	1,612,661	1,643,944	2,845	696,983
Storm	463,113	459,241	2,845	166,241
Total business-type activities	<u>4,023,834</u>	<u>4,142,600</u>	<u>8,535</u>	<u>1,091,224</u>
Total primary government	<u>\$ 12,145,577</u>	<u>\$ 4,846,390</u>	<u>\$ 1,223,704</u>	<u>\$ 1,270,352</u>

General revenues:

Property taxes levied for:

- General purposes
- Street construction, maintenance and repair . .
- Police department operating levy
- Debt retirement.
- Income taxes levied for:
- General purposes.
- Permissive motor vehicle license tax
- Grants and entitlements not restricted
to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (1,304,166)	\$ -	\$ (1,304,166)
(3,917,515)	-	(3,917,515)
(68,053)	-	(68,053)
(543,944)	-	(543,944)
(93,180)	-	(93,180)
(86,327)	-	(86,327)
(10,471)	-	(10,471)
<u>(6,023,656)</u>	<u>-</u>	<u>(6,023,656)</u>
-	322,200	322,200
-	731,111	731,111
-	165,214	165,214
<u>-</u>	<u>1,218,525</u>	<u>1,218,525</u>
<u>(6,023,656)</u>	<u>1,218,525</u>	<u>(4,805,131)</u>
218,860	-	218,860
324,976	-	324,976
769,871	-	769,871
83,895	-	83,895
4,476,494	-	4,476,494
58,713	-	58,713
178,068	-	178,068
46,532	-	46,532
199,308	11,857	211,165
<u>6,356,717</u>	<u>11,857</u>	<u>6,368,574</u>
333,061	1,230,382	1,563,443
<u>16,130,225</u>	<u>15,258,366</u>	<u>31,388,591</u>
<u>\$ 16,463,286</u>	<u>\$ 16,488,748</u>	<u>\$ 32,952,034</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Street Construction Maintenance and Repair	Police Department Operating Levy	American Rescue Plan Act
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 355,925	\$ 844,192	\$ 218,205	\$ 489,343
Receivables:				
Income taxes.	1,129,356	-	-	-
Real and other taxes	227,719	453,568	793,404	-
Accounts.	102,059	-	-	-
Special assessments	20,725	-	-	-
Due from other funds	953,859	-	-	-
Due from other governments.	76,948	266,126	8,329	-
Prepayments	80,559	19,946	5,289	-
	<u>\$ 2,947,150</u>	<u>\$ 1,583,832</u>	<u>\$ 1,025,227</u>	<u>\$ 489,343</u>
Total assets.				
Liabilities:				
Accounts payable.	\$ 1,493	\$ 60	\$ -	\$ -
Accrued wages payable.	98,146	13,819	15,331	-
Due to other funds	-	-	-	-
Due to other governments	18,847	2,032	3,283	-
Deposits held and due to others	151,786	-	-	-
Unearned revenue	-	-	-	489,343
	<u>270,272</u>	<u>15,911</u>	<u>18,614</u>	<u>489,343</u>
Total liabilities				
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	216,990	425,002	704,981	-
Delinquent property tax revenue not available. . .	4,729	7,566	15,423	-
Special assessments revenue not available.	20,725	-	-	-
Miscellaneous revenue not available.	53,586	-	-	-
Income tax revenue not available	638,000	-	-	-
Other nonexchange transactions.	57,467	182,742	8,329	-
	<u>991,497</u>	<u>615,310</u>	<u>728,733</u>	<u>-</u>
Total deferred inflows of resources				
Fund balances:				
Nonspendable	86,434	19,946	5,289	-
Restricted.	-	932,665	272,591	-
Committed	139,563	-	-	-
Assigned	211,942	-	-	-
Unassigned (deficit)	1,247,442	-	-	-
	<u>1,685,381</u>	<u>952,611</u>	<u>277,880</u>	<u>-</u>
Total fund balances.				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,947,150</u>	<u>\$ 1,583,832</u>	<u>\$ 1,025,227</u>	<u>\$ 489,343</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 973,933	\$ 2,881,598
-	1,129,356
1,892	1,476,583
5,015	107,074
17,801	38,526
-	953,859
127,730	479,133
1,002	106,796
<u>\$ 1,127,373</u>	<u>\$ 7,172,925</u>
\$ -	\$ 1,553
1,165	128,461
287,807	287,807
674	24,836
1,385	153,171
-	489,343
<u>291,031</u>	<u>1,085,171</u>
-	1,346,973
1,892	29,610
17,801	38,526
3,529	57,115
-	638,000
12,345	260,883
<u>35,567</u>	<u>2,371,107</u>
73,402	185,071
496,493	1,701,749
519,465	659,028
-	211,942
(288,585)	958,857
<u>800,775</u>	<u>3,716,647</u>
<u>\$ 1,127,373</u>	<u>\$ 7,172,925</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		\$	3,716,647
<i>Amounts reported for governmental activities on 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.			17,448,351
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	638,000	
Real and other taxes receivable		29,610	
Accounts receivable		57,115	
Intergovernmental receivable		260,883	
Special assessments receivable		38,526	
Total		1,024,134	1,024,134
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 on the statement of net position.			19,563
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(1,034)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.			
Net pension asset		43,306	
Deferred outflows of resources		1,569,318	
Deferred inflows of resources		(2,165,437)	
Net pension liability		(4,146,444)	
Total		(4,699,257)	(4,699,257)
The net OPEB liability and net OPEB asset is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the, asset, liability and related deferred inflows/outflows are not reported in governmental funds.			
Net OPEB asset		300,516	
Deferred outflows of resources		440,594	
Deferred inflows of resources		(518,837)	
Net OPEB liability		(585,302)	
Total		(363,029)	(363,029)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		202,089	
General obligation notes payable		457,222	
Vehicle acquisition bond		22,778	
Total		(682,089)	(682,089)
Net position of governmental activities		\$	<u>16,463,286</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Street Construction Maintenance and Repair	Police Department Operating Levy	American Rescue Plan Act
Revenues:				
Income taxes	\$ 4,416,694	\$ -	\$ -	\$ -
Real and other taxes.	214,131	331,171	770,946	-
Permissive motor vehicle license tax.	-	58,713	-	-
Special assessments	754	-	-	-
Charges for services.	412,211	-	-	-
Licenses and permits	109,707	-	-	-
Fines and forfeitures.	28,324	-	-	-
Intergovernmental	212,260	730,362	17,448	150,230
Investment income.	46,532	16,233	4,892	554
Other	113,441	5,250	-	-
Total revenues	5,554,054	1,141,729	793,286	150,784
Expenditures:				
Current:				
General government	1,562,425	-	-	150,784
Security of persons and property	3,215,442	-	731,863	-
Public health and welfare.	66,771	-	-	-
Leisure time activity	-	-	-	-
Community environment.	114,673	-	-	-
Transportation	-	675,510	-	-
Capital outlay	84,387	382,268	-	-
Debt service:				
Principal retirement.	147,476	21,940	32,050	-
Interest and fiscal charges	14,363	1,486	528	-
Total expenditures.	5,205,537	1,081,204	764,441	150,784
Excess (deficiency) of revenues over (under) expenditures.	348,517	60,525	28,845	-
Other financing sources (uses):				
Sale of capital assets.	85,867	-	-	-
Transfers in	-	-	-	-
Transfers (out).	(113,758)	-	-	-
Total other financing sources (uses)	(27,891)	-	-	-
Net change in fund balances	320,626	60,525	28,845	-
Fund balances at beginning of year	1,364,755	892,086	249,035	-
Fund balances at end of year	\$ 1,685,381	\$ 952,611	\$ 277,880	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,416,694
83,254	1,399,502
-	58,713
35,835	36,589
66,841	479,052
-	109,707
33,678	62,002
455,226	1,565,526
9,317	77,528
11,921	130,612
<u>696,072</u>	<u>8,335,925</u>
40,369	1,753,578
630,488	4,577,793
44,788	111,559
110,892	110,892
-	114,673
38,253	713,763
21,820	488,475
77,261	278,727
4,086	20,463
<u>967,957</u>	<u>8,169,923</u>
<u>(271,885)</u>	<u>166,002</u>
-	85,867
113,758	113,758
-	(113,758)
<u>113,758</u>	<u>85,867</u>
(158,127)	251,869
958,902	3,464,778
<u>\$ 800,775</u>	<u>\$ 3,716,647</u>

**CITY OF CANFIELD
MAHONING 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, 2022

Net change in fund balances - total governmental funds	\$	251,869
<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. This is the amount by which depreciation expense exceeds capital outlay in the current period.		
Capital asset additions	\$ 428,282	
Current year depreciation	<u>(1,075,945)</u>	
Total		(647,663)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(57,080)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	59,800	
Real and other taxes	(1,900)	
Special assessments	1,611	
Charges for services	53,389	
Fines and forfeitures	(47,976)	
Intergovernmental revenues	(32,472)	
Other	560	
Total	<u>59,800</u>	33,012
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		278,727
In the statement of activities, interest is accrued on outstanding notes, whereas in governmental funds, an interest expenditure is reported when due.		
		1,569
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	506,387	
OPEB	<u>12,046</u>	
Total		518,433
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(166,757)	
OPEB	<u>146,522</u>	
Total		(20,235)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		3,124
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(28,695)</u>
Change in net position of governmental activities	\$	<u>333,061</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 3,943,100	\$ 4,473,200	\$ 4,412,176	\$ (61,024)
Real and other taxes.	237,431	237,431	208,131	(29,300)
Special assessments	1,000	1,000	754	(246)
Charges for services.	472,925	492,825	395,160	(97,665)
Licenses and permits	106,920	106,920	110,158	3,238
Fines and forfeitures	27,260	27,260	33,262	6,002
Intergovernmental.	134,065	134,065	218,321	84,256
Investment income	7,750	7,750	46,532	38,782
Other	36,901	36,901	73,230	36,329
Total revenues	<u>4,967,352</u>	<u>5,517,352</u>	<u>5,497,724</u>	<u>(19,628)</u>
Expenditures:				
Current:				
General government	1,767,635	1,996,835	1,738,466	258,369
Security of persons and property	3,326,835	3,392,336	3,358,800	33,536
Public health and welfare.	66,575	66,775	66,771	4
Community environment	126,397	126,397	118,659	7,738
Capital outlay.	191,613	208,712	192,180	16,532
Debt service:				
Principal retirement.	147,700	147,700	147,481	219
Interest and fiscal charges	14,500	14,500	14,358	142
Total expenditures	<u>5,641,255</u>	<u>5,953,255</u>	<u>5,636,715</u>	<u>316,540</u>
Excess of expenditures over revenues.	<u>(673,903)</u>	<u>(435,903)</u>	<u>(138,991)</u>	<u>296,912</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	85,867	85,867
Transfers in	-	-	1,269	1,269
Transfers (out).	(103,758)	(113,758)	(113,758)	-
Other financing sources	500	500	38,950	38,450
Total other financing sources (uses)	<u>(103,258)</u>	<u>(113,258)</u>	<u>12,328</u>	<u>125,586</u>
Net change in fund balances	(777,161)	(549,161)	(126,663)	422,498
Fund balances at beginning of year	468,575	468,575	468,575	-
Prior year encumbrances appropriated	387,905	387,905	387,905	-
Fund balance at end of year	<u>\$ 79,319</u>	<u>\$ 307,319</u>	<u>\$ 729,817</u>	<u>\$ 422,498</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes	\$ 379,889	\$ 379,889	\$ 332,619	\$ (47,270)
Permissive motor vehicle license tax	65,000	65,000	64,317	(683)
Intergovernmental	725,731	725,731	734,734	9,003
Investment income	2,050	2,050	16,233	14,183
Other	-	-	1,243	1,243
Total revenues	<u>1,172,670</u>	<u>1,172,670</u>	<u>1,149,146</u>	<u>(23,524)</u>
Expenditures:				
Current:				
Transportation	885,167	885,227	693,205	192,022
Capital outlay	720,848	720,848	466,085	254,763
Debt service:				
Principal retirement	22,000	22,000	21,943	57
Interest and fiscal charges	1,500	1,500	1,483	17
Total expenditures	<u>1,629,515</u>	<u>1,629,575</u>	<u>1,182,716</u>	<u>446,859</u>
Excess of expenditures over revenues	<u>(456,845)</u>	<u>(456,905)</u>	<u>(33,570)</u>	<u>423,335</u>
Other financing sources:				
Other financing sources	-	-	4,007	4,007
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,007</u>	<u>4,007</u>
Net change in fund balances	(456,845)	(456,905)	(29,563)	427,342
Fund balances at beginning of year	638,143	638,143	638,143	-
Prior year encumbrances appropriated	188,872	188,872	188,872	-
Fund balance at end of year	<u>\$ 370,170</u>	<u>\$ 370,110</u>	<u>\$ 797,452</u>	<u>\$ 427,342</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE DEPARTMENT OPERATING LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real and other taxes	\$ 783,750	\$ 783,750	\$ 770,946	\$ (12,804)
Intergovernmental	-	-	19,052	19,052
Investment income	525	525	4,892	4,367
Total revenues	<u>784,275</u>	<u>784,275</u>	<u>794,890</u>	<u>10,615</u>
Expenditures:				
Current:				
Security of persons and property	855,395	856,095	810,714	45,381
Capital outlay	94,880	94,880	94,880	-
Debt service:				
Principal retirement	32,100	32,100	32,050	50
Interest and fiscal charges	2,000	1,300	1,221	79
Total expenditures	<u>984,375</u>	<u>984,375</u>	<u>938,865</u>	<u>45,510</u>
Net change in fund balances	(200,100)	(200,100)	(143,975)	56,125
Fund balances at beginning of year	113,161	113,161	113,161	-
Prior year encumbrances appropriated	87,402	87,402	87,402	-
Fund balance at end of year	<u>\$ 463</u>	<u>\$ 463</u>	<u>\$ 56,588</u>	<u>\$ 56,125</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AMERICAN RESCUE PLAN ACT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 375,847	\$ 375,847	\$ 378,848	\$ 3,001
Investment income	-	-	554	554
Total revenues	<u>375,847</u>	<u>375,847</u>	<u>379,402</u>	<u>3,555</u>
Expenditures:				
Current:				
General government	<u>347,630</u>	<u>347,630</u>	<u>258,514</u>	<u>89,116</u>
Total expenditures	<u>347,630</u>	<u>347,630</u>	<u>258,514</u>	<u>89,116</u>
Net change in fund balances	28,217	28,217	120,888	92,671
Fund balances at beginning of year	113,095	113,095	113,095	-
Prior year encumbrances appropriated . . .	<u>147,630</u>	<u>147,630</u>	<u>147,630</u>	-
Fund balance at end of year	<u>\$ 288,942</u>	<u>\$ 288,942</u>	<u>\$ 381,613</u>	<u>\$ 92,671</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Storm	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 771,222	\$ -	\$ 694,832	\$ 1,466,054	\$ 39,866
Receivables:					
Accounts	593,542	473,144	123,191	1,189,877	-
Due from other governments	-	-	128,536	128,536	-
Prepayments	13,199	4,946	3,197	21,342	-
Total current assets	<u>1,377,963</u>	<u>478,090</u>	<u>949,756</u>	<u>2,805,809</u>	<u>39,866</u>
Noncurrent assets:					
Net pension asset	3,614	5,068	2,984	11,666	-
Net OPEB asset	25,077	35,167	20,705	80,949	-
Capital assets:					
Land and construction in progress	495,327	27,166	231,721	754,214	-
Depreciable capital assets, net	4,527,220	5,455,136	5,244,788	15,227,144	-
Total capital assets, net	<u>5,022,547</u>	<u>5,482,302</u>	<u>5,476,509</u>	<u>15,981,358</u>	<u>-</u>
Total noncurrent assets	<u>5,051,238</u>	<u>5,522,537</u>	<u>5,500,198</u>	<u>16,073,973</u>	<u>-</u>
Total assets	<u>6,429,201</u>	<u>6,000,627</u>	<u>6,449,954</u>	<u>18,879,782</u>	<u>39,866</u>
Deferred outflows of resources:					
Pension	29,706	41,658	44,177	115,541	-
OPEB	350	491	14,763	15,604	-
Total deferred outflows of resources	<u>30,056</u>	<u>42,149</u>	<u>58,940</u>	<u>131,145</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	169	2,823	-	2,992	-
Contracts payable	-	7,148	8,791	15,939	-
Accrued wages payable	7,008	7,873	5,015	19,896	-
Due to other funds	-	666,052	-	666,052	-
Due to other governments	721	1,077	2,524	4,322	-
Accrued interest payable	-	72	-	72	-
Compensated absences payable - current	7,942	12,222	3,250	23,414	-
OPWC loans payable	14,093	23,154	7,200	44,447	-
Notes payable	-	34,240	-	34,240	-
Claims payable	-	-	-	-	18,349
Total current liabilities	<u>29,933</u>	<u>754,661</u>	<u>26,780</u>	<u>811,374</u>	<u>18,349</u>
Long-term liabilities:					
OWDA loans payable	427,472	-	-	427,472	-
OPWC loans payable	317,093	11,577	158,400	487,070	-
Other loans payable	-	127,404	-	127,404	-
Net pension liability	67,622	94,829	55,833	218,284	-
Total long-term liabilities	<u>812,187</u>	<u>233,810</u>	<u>214,233</u>	<u>1,260,230</u>	<u>-</u>
Total liabilities	<u>842,120</u>	<u>988,471</u>	<u>241,013</u>	<u>2,071,604</u>	<u>18,349</u>
Deferred inflows of resources:					
Pension	132,062	140,977	68,910	341,949	-
OPEB	40,980	48,207	21,393	110,580	-
Total deferred inflows of resources	<u>173,042</u>	<u>189,184</u>	<u>90,303</u>	<u>452,529</u>	<u>-</u>
Net position:					
Net investment in capital assets	4,263,889	5,278,779	5,302,118	14,844,786	-
Unrestricted	1,180,206	(413,658)	875,460	1,642,008	21,517
Total net position	<u>\$ 5,444,095</u>	<u>\$ 4,865,121</u>	<u>\$ 6,177,578</u>	<u>16,486,794</u>	<u>\$ 21,517</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds				1,954	
Net position of business-type activities				<u>\$ 16,488,748</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Storm	Total	
Operating revenues:					
Charges for services	\$ 2,039,415	\$ 1,643,944	\$ 459,241	\$ 4,142,600	\$ 852,655
Other operating revenues	6,440	3,314	2,103	11,857	435,720
Total operating revenues.	<u>2,045,855</u>	<u>1,647,258</u>	<u>461,344</u>	<u>4,154,457</u>	<u>1,288,375</u>
Operating expenses:					
Personal services	111,948	199,097	173,877	484,922	-
Contract services	1,544,942	1,108,718	72,993	2,726,653	-
Materials and supplies.	67,381	28,984	30,715	127,080	-
Claims expense	-	-	-	-	1,323,121
Depreciation.	221,380	258,304	183,494	663,178	-
Other	-	9,999	26	10,025	-
Total operating expenses.	<u>1,945,651</u>	<u>1,605,102</u>	<u>461,105</u>	<u>4,011,858</u>	<u>1,323,121</u>
Operating income (loss)	<u>100,204</u>	<u>42,156</u>	<u>239</u>	<u>142,599</u>	<u>(34,746)</u>
Nonoperating revenues (expenses):					
Interest and fiscal charges	-	(5,017)	-	(5,017)	-
Gain (loss) on disposal of capital assets . . .	(454)	397	(851)	(908)	-
Intergovernmental	2,845	2,845	2,845	8,535	-
Total nonoperating revenues (expenses) .	<u>2,391</u>	<u>(1,775)</u>	<u>1,994</u>	<u>2,610</u>	<u>-</u>
Loss before capital contributions.	<u>102,595</u>	<u>40,381</u>	<u>2,233</u>	<u>145,209</u>	<u>(34,746)</u>
Capital contributions.	<u>228,000</u>	<u>696,983</u>	<u>166,241</u>	<u>1,091,224</u>	<u>-</u>
Change in net position	<u>330,595</u>	<u>737,364</u>	<u>168,474</u>	<u>1,236,433</u>	<u>(34,746)</u>
Net position at beginning of year.	<u>5,113,500</u>	<u>4,127,757</u>	<u>6,009,104</u>	<u>15,250,361</u>	<u>56,263</u>
Net position at end of year.	<u>\$ 5,444,095</u>	<u>\$ 4,865,121</u>	<u>\$ 6,177,578</u>	<u>16,486,794</u>	<u>\$ 21,517</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>(6,051)</u>	
Change in net position of business-type activities.				<u>\$ 1,230,382</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Storm	Total	
Cash flows from operating activities:					
Cash received from sales/charges for services	\$ 1,984,543	\$ 1,606,445	\$ 449,918	\$ 4,040,906	\$ 852,655
Cash received from other operations	6,440	3,314	2,103	11,857	435,720
Cash payments for personal services	(208,470)	(298,130)	(157,831)	(664,431)	-
Cash payments for contractual services	(1,532,840)	(1,186,526)	(73,483)	(2,792,849)	-
Cash payments for materials and supplies	(67,338)	(28,941)	(30,715)	(126,994)	-
Cash payments for claims	-	-	-	-	(1,320,355)
Cash payments for other expenses	-	(9,999)	(26)	(10,025)	-
Net cash provided by (used in) operating activities	<u>182,335</u>	<u>86,163</u>	<u>189,966</u>	<u>458,464</u>	<u>(31,980)</u>
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies	2,845	2,845	2,845	8,535	-
Cash received from interfund loans	-	666,052	-	666,052	-
Cash paid on interfund loans	-	(265,979)	-	(265,979)	-
Net cash provided by noncapital financing activities .	<u>2,845</u>	<u>402,918</u>	<u>2,845</u>	<u>408,608</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(522,333)	(427,511)	(81,692)	(1,031,536)	-
Loan issuance	427,472	-	-	427,472	-
Principal retirement on OPWC loans	(14,094)	(56,480)	(7,200)	(77,774)	-
Interest and fiscal charges	-	(5,090)	-	(5,090)	-
Capital contributions	-	-	37,705	37,705	-
Net cash used in capital and related financing activities	<u>(108,955)</u>	<u>(489,081)</u>	<u>(51,187)</u>	<u>(649,223)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . .	76,225	-	141,624	217,849	(31,980)
Cash and cash equivalents at beginning of year	<u>694,997</u>	<u>-</u>	<u>553,208</u>	<u>1,248,205</u>	<u>71,846</u>
Cash and cash equivalents at end of year	<u>\$ 771,222</u>	<u>\$ -</u>	<u>\$ 694,832</u>	<u>\$ 1,466,054</u>	<u>\$ 39,866</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 100,204	\$ 42,156	\$ 239	\$ 142,599	\$ (34,746)
Adjustments:					
Depreciation	221,380	258,304	183,494	663,178	-
Changes in assets and liabilities:					
Change in accounts receivable	(54,872)	(37,499)	(9,323)	(101,694)	-
Change in prepayments	16,029	5,314	2,548	23,891	-
Change in net pension asset	387	(659)	(532)	(804)	-
Change in net OPEB asset	(5,957)	(14,099)	(8,986)	(29,042)	-
Change in deferred outflows - pension	2,115	(5,152)	29,522	26,485	-
Change in deferred outflows - OPEB	13,647	15,921	28,510	58,078	-
Change in accounts payable	169	2,823	-	2,992	-
Change in accrued wages payable	2,005	184	(585)	1,604	-
Change in intergovernmental payable	66	(80,236)	(730)	(80,900)	-
Change in compensated absences payable	2,852	3,262	(6,775)	(661)	-
Change in net pension liability	(88,465)	(77,154)	(39,831)	(205,450)	-
Change in deferred inflows - pension	17,416	17,412	26,828	61,656	-
Change in deferred inflows - OPEB	(44,641)	(44,414)	(14,413)	(103,468)	-
Change in claims payable	-	-	-	-	2,766
Net cash provided by (used in) operating activities . .	<u>\$ 182,335</u>	<u>\$ 86,163</u>	<u>\$ 189,966</u>	<u>\$ 458,464</u>	<u>\$ (31,980)</u>

Non-cash Transactions:

The sewer fund purchased \$348,698 in capital assets on account during 2021.
The sewer fund purchased \$7,148 in capital assets on account during 2022.
The sewer fund received \$696,983 in capital contributions from developers during 2022.
The water fund received \$228,000 in capital contributions from developers during 2022.
The storm fund purchased \$4,948 in capital assets on account during 2021.
The storm fund purchased \$8,791 in capital assets on account during 2022.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Private-Purpose Trust	Custodial
Assets:		
Equity in pooled cash and cash equivalents	\$ 27,855	\$ 672
Receivables:		
Income taxes	-	2,423
Intergovernmental.	-	1,494
	27,855	\$ 4,589
Total assets	27,855	\$ 4,589
Liabilities:		
Intergovernmental payable.	-	\$ 4,589
	-	\$ 4,589
Total liabilities.	-	\$ 4,589
Net position:		
Held in trust for other purposes.	27,855	
	27,855	
Total net position.	\$ 27,855	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Private-Purpose Trust	Custodial
Additions:		
Income taxes collected as fiscal agent.	\$ -	\$ 23,111
Total additions	-	23,111
Deductions:		
Income taxes distributed as fiscal agent.	-	23,111
Total deductions.	-	23,111
Change in net position	-	-
Net position at beginning of year.	27,855	-
Net position at end of year	\$ 27,855	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY

The City of Canfield (the “City”) was incorporated under the laws of the State of Ohio in 1852 and adopted its first charter in 1968. The form of government provided in this Charter is known as the “Council-Manager Plan”. The Charter provides for a council of five members consisting of the Mayor and four other persons elected at large. Council members are elected to terms of 4 years with a maximum of 4 consecutive terms. The Mayor is elected to a term of 4 years with a maximum of 2 consecutive terms. The Mayor does not serve as President of the Council and does not have any veto power over the actions of the Council.

The City Manager is appointed by the Council and is the chief executive, administrative and law enforcement officer of the City. The Director of Finance is appointed by the Manager, with the approval of Council. The Director of Finance is the fiscal officer of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Canfield, this includes police protection, street maintenance and repairs, planning and zoning, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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 (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, 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. The City has no component units.

Prior to 1990, the Fire Department of Canfield was solely operated by the City. The Cardinal Joint Fire District is a jointly managed organization with the Township of Canfield. The City and Township appoint two each of the five-member board. The fifth board member is selected by the other four members. The Cardinal Joint Fire District is supported by its own millage.

The City is associated with two organizations which are defined as a jointly governed organization. The Canfield Community Joint Economic District was established during 2015. The Millennial Moments Joint Economic District was established during 2019. See Note 16 to the notes to the basic financial statements for detail.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - Fund Accounting

The City's BFS 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 activities of the internal service fund are 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 activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities 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 limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw 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 enterprise 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. Fiduciary funds are reported by type.

C. Fund Accounting

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets 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, deferred outflows, liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions.

Street Construction Maintenance and Repair Fund - This fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Police Department Operating Levy Fund - This fund accounts for property tax collections received through a tax levy to be used for the operations of the police department programs and capital expenditures.

American Rescue Plan Act Fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act (ARPA) of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds - The 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 - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

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

Storm Fund - This fund accounts for the provision of storm water services to the residents and commercial users located within the City.

Internal service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the activity of the centralized City self-insurance health program.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The City's only trust fund is a private-purpose trust fund. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City has two custodial funds. The City's custodial funds primarily account for the mayor's court and JEDD agreements with Canfield Township.

Private Purpose Trust Fund

Cemetery Endowment Fund - This fund accounts for endowments received by sale of lots and specific bequests. All monies of the fund shall be invested in any qualified investment as determined by the Ohio Revised Code, the City of Canfield's Charter and the Finance Director of the City of Canfield. The corpus of the Endowment Fund shall be used only for additional cemetery land acquisition or improvements necessary to expand the cemetery, and must be approved by a majority vote of Council.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Earnings from the Cemetery Endowment Fund may be transferred to the Cemetery Operating Fund and shall be used first to provide plantings, flowers and/or maintenance to those grave sites requiring same as a condition of a bequest. All other money shall be used for general care of the cemetery. Such care may include but not be limited to: (1) lawn and tree maintenance, replacement and additions; and (2) expenses involved with labor and equipment involved in (1).

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the City are included on the statement of 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 current liabilities 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 financial statements for governmental funds.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds and private purpose trust funds.

E. 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 and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows 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 after year-end.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange 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 (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the 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 a modified accrual basis, revenue from nonexchange 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, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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 CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Manager presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. In accordance with Section 5705.281 of the Ohio Revised Code, the Mahoning County Budget Commission waived the requirement of the City to adopt a tax budget under Section 5705.28 of the Ohio Revised Code for the calendar year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Finance Director determines, and the Budget Commission agrees, that an estimate need to be either increased or decreased.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year-end are reported in restricted, committed, or assigned fund balance for governmental funds since they do not constitute expenditures or liabilities.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Cash and Cash Equivalents

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 the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2022, investments were limited to a repurchase agreement and investments in State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2022 amounted to \$46,532, which included \$26,294 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities greater than three months at the time of purchase are reported as investments.

An analysis of the City's investment account at year-end is provided in Note 4.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported 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 assets other than grants that require the reporting of all assets regardless of cost. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Improvements Other Than Buildings	7-20 years	-
Buildings	50 years	50 years
Equipment	3-20 years	3-20 years
Infrastructure	50-75 years	-
Water and Sewer Lines	-	50 years

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributed 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. The City records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The City records a liability for accumulated unused sick, comp, and vacation time at year end for all employees eligible to receive comp and vacation. Department heads do not receive payment for comp time. The sick liability is reported after an employee becomes eligible to retire and has ten years of continuous service with the City.

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

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

K. 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Notes are recognized as a liability on the governmental fund financial statements when due. 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Interfund Balances

Receivables and payables for services provided by one fund to another fund are classified as “due to/from other funds.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

M. 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 nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS.

N. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 in the general fund.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 nor 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 City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

P. Estimates

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions from grants and other funds are reported as revenue in the proprietary fund financial statements.

R. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Police Department assets acquired through the trust funds are restricted to law enforcement use.

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

S. 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 and storm water enterprise funds and charges for services to other departments for the self-insurance internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2022.

U. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB statement No. 87 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
COPS School Violence Prevention	\$ 88,451
Federal COPS School Violence Prevention	164,507
OVI Task Force Grant 2023	34,849
Bradford Dr. and Herbert Rd. Waterline Replacement	18,704
Red Gate Sanitary Sewer Extension	1,524,555
Sawmill Creek Improvement	155,391

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "equity in pooled cash and cash equivalents." Statutes require the classification of monies held by the City into three categories:

Active Monies: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury; in depository accounts payable or withdrawable on demand; including negotiable order of withdrawal (NOW) account; or in money market deposit accounts.

Inactive Monies: those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim Monies: 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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit accounts including passbook accounts.

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 guaranteed 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, and Government National Mortgage 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the City.

Protection of the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the City had \$1,710 in undeposited cash on hand which is included on the financial statements of the City as part of 'equity in pooled cash and cash equivalents.

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$708,508, and the bank balance of all City deposits was \$1,185,730. Of the bank balance, \$252,166 was covered by the FDIC and \$933,564 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's 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 (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the City's financial institutions were approved for a reduced collateral rate. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2022, the City had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	<u>Investment</u> <u>Maturities</u>
	<u>Value</u>	<u>6 months or</u> <u>less</u>
<i>Cost value:</i>		
Repurchase agreement	\$ 3,703,727	\$ 3,703,727
<i>Amortized cost:</i>		
STAR Ohio	<u>2,100</u>	<u>2,100</u>
Total	<u>\$ 3,705,827</u>	<u>\$ 3,705,827</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's federal agency securities that underlie the repurchase agreements were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$3,703,727 investment in a repurchase agreement, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2022:

<u>Investment type</u>	Measurement	
	<u>Value</u>	<u>% to Total</u>
Repurchase agreement	\$ 3,703,727	99.94%
STAR Ohio	<u>2,100</u>	<u>0.06%</u>
Total	<u>\$ 3,705,827</u>	<u>100.00%</u>

D. Reconciliation of Cash and Investment to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 708,508
Investments	3,705,827
Cash on hand	<u>1,710</u>
Total	<u>\$ 4,416,045</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,921,464
Business type activities	1,466,054
Private purpose trust funds	27,855
Custodial funds	<u>672</u>
Total	<u>\$ 4,416,045</u>

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to parks fund from general fund	\$ 60,000
Transfers to COPS school violence prevention fund from general fund	13,758
Transfers to cemeteries fund from general fund	30,000
Transfers to recreation fund from general fund	<u>10,000</u>
Total transfers to nonmajor governmental funds from the General fund	<u>\$ 113,758</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 – INTERFUNDS – (Continued)

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

- B.** Due to/from other funds at December 31, 2022, as reported on the fund financial statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable funds	Amount
General fund	Sewer fund	\$ 666,052
	Nonmajor special revenue funds	<u>287,807</u>
Total due to/due from other funds		<u>\$ 953,859</u>

The primary purpose of the due to/from other funds is to cover the negative cash balance at year-end in the Sewer fund and nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Canfield. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2022 was \$6.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based is presented on the following page.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PROPERTY TAXES - (Continued)

Real Property	
Residential/Agricultural	\$ 207,024,910
Commercial/Industrial/Mineral	25,282,260
Public Utility	
Real	5,933,660
Total Assessed Value	\$ 238,240,830

NOTE 7 - LOCAL INCOME TAX

Resident - For residents, aged 18 and over, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident, including the resident’s distributive share of the net profit of pass-through entities owned directly or indirectly by the resident and any net profit of the resident.

Residents who pay another city income tax are given a credit of ½ of 1% of the wage on which the other city tax is paid.

Resident Business - Businesses located within the City must withhold the 1% tax on the gross compensation of all employees 18 years of age and older. Copies of all W-2’s Forms must be provided to the City. They must also provide copies of all 1099 Miscellaneous Income Forms issued since the tax is not withheld on that compensation. Taxes are paid on the net profit of the business.

Non-Resident - Taxes are paid on income and wages earned from a business located in the City. The employer must withhold the City income tax on the wages paid all employees. Income earned while working within the city limits is taxable to the City and the employer (even if located outside of the City) must withhold the city tax on these wages. Independent contractors pay on earnings, payments, bonuses, commissions and/or fees received. Since they are not employees, the tax is not withheld by an employer and they file and pay their own taxes.

Non-Resident Business - The tax is withheld on the individuals working within the City limits. Taxes are paid on the net profit of the portion of the business conducted within the City of Canfield or for the City of Canfield.

Income tax proceeds are received by the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental Activities:

Income taxes	\$ 1,129,356
Real and other taxes	1,476,583
Accounts	107,074
Special assessments	38,526
Due from other governments	479,133

Business-type Activities:

Accounts	1,189,877
Due from other governments	128,536

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - RECEIVABLES - (Continued)

Receivables have been disaggregated on the face of the basic financial statements. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment. The special assessments are for street lighting which is billed and paid every year. The payment is behind by one year, similar to real and other taxes.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2022, was as follows:

<u>Governmental Activities:</u>	Balance 01/01/2021	Additions	Disposals	Balance 12/31/2022
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,383,608	\$ -	\$ -	\$ 2,383,608
Construction in progress	1,341,016	42,443	(1,336,614)	46,845
Total capital assets, not being depreciated	<u>3,724,624</u>	<u>42,443</u>	<u>(1,336,614)</u>	<u>2,430,453</u>
<i>Capital assets, being depreciated:</i>				
Buildings	4,066,447	338,007	-	4,404,454
Land improvements	39,290	-	-	39,290
Equipment	3,003,401	690,487	(299,845)	3,394,043
Infrastructure	21,682,235	693,959	-	22,376,194
Total capital assets, being depreciated	<u>28,791,373</u>	<u>1,722,453</u>	<u>(299,845)</u>	<u>30,213,981</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(2,545,452)	(133,009)	-	(2,678,461)
Land improvements	(39,290)	-	-	(39,290)
Equipment	(1,525,261)	(322,490)	242,765	(1,604,986)
Infrastructure	(10,252,900)	(620,446)	-	(10,873,346)
Total accumulated depreciation	<u>(14,362,903)</u>	<u>(1,075,945)</u>	<u>242,765</u>	<u>(15,196,083)</u>
Total capital assets, being depreciated, net	<u>14,428,470</u>	<u>646,508</u>	<u>(57,080)</u>	<u>15,017,898</u>
Governmental activities capital assets, net	<u>\$ 18,153,094</u>	<u>\$ 688,951</u>	<u>\$(1,393,694)</u>	<u>\$ 17,448,351</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General Government	\$ 78,413
Security of Persons and Property	279,772
Public Health and Welfare	6,588
Leisure Time Activities	17,703
Community Environment	1,164
Transportation	<u>692,305</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,075,945</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS - (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2022, was as follows:

<u>Business-type Activities:</u>	Balance 1/1/2022	Additions	Disposals	Balance 12/31/2022
<i>Capital assets, not being depreciated:</i>				
Land	\$ 21,297	\$ -	\$ -	\$ 21,297
Construction in progress	2,079,940	562,102	(1,909,125)	732,917
Total capital assets, not being depreciated	<u>2,101,237</u>	<u>562,102</u>	<u>(1,909,125)</u>	<u>754,214</u>
<i>Capital assets, being depreciated:</i>				
Buildings	1,924,526	-	-	1,924,526
Equipment	847,261	28,868	(8,089)	868,040
Infrastructure	24,127,413	2,936,967	-	27,064,380
Total capital assets, being depreciated	<u>26,899,200</u>	<u>2,965,835</u>	<u>(8,089)</u>	<u>29,856,946</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(1,057,361)	(29,745)	-	(1,087,106)
Equipment	(330,447)	(67,875)	7,181	(391,141)
Infrastructure	(12,585,997)	(565,558)	-	(13,151,555)
Total accumulated depreciation	<u>(13,973,805)</u>	<u>(663,178)</u>	<u>7,181</u>	<u>(14,629,802)</u>
Total capital assets, being depreciated, net	<u>12,925,395</u>	<u>2,302,657</u>	<u>(908)</u>	<u>15,227,144</u>
Business-type activities capital assets, net	<u>\$ 15,026,632</u>	<u>\$ 2,864,759</u>	<u>\$ (1,910,033)</u>	<u>\$ 15,981,358</u>

Depreciation expense was charged to functions/programs of the City as follows:

<u>Business-type activities:</u>	
Water	\$ 221,380
Sewer	258,304
Storm	183,494
Total depreciation expense - business-type activities	<u>\$ 663,178</u>

NOTE 10 - EMPLOYEE BENEFITS

A. Health/Life Insurance

Beginning January 1, 2020, the City provides health care coverage through a self-insured program administered by CareFactor. CareFactor processes and pays the claims. Coverage is provided for all full-time employees. Underwriters have calculated the rate for coverage and the individual funds pay those amounts to the Health Care Self Insurance Fund (an internal service fund). The City also maintains an excess coverage insurance (stop loss) policy. Employees contribute 12% of the calculated cost of coverage. The City issues payments for the administrative fees and claims from the health insurance internal service fund.

Convertible Term life insurance is provided by Standard Insurance Company in the amount of \$35,000 for each full time employee.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - EMPLOYEE BENEFITS - (Continued)

Claims payable is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2022, is estimated by the third party administrator at \$18,349. The changes in the claims liability for 2022 and 2021 were as follows:

<u>Year</u>	<u>Beginning Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2022	\$ 15,583	\$ 1,323,121	\$ (1,320,355)	\$ 18,349
2021	160,741	947,340	(1,092,498)	15,583

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time up to a maximum of 200 hours is paid upon termination of employment. Employees earn sick leave at a rate of ten (10) hours per month. Sick leave accrual is continuous, up to 2,000 hours. Upon retirement or death, an employee with 10 years of continuous service can be paid an amount equal to one-fourth (1/4) the total number of accumulated, unused sick hours, not to exceed the maximum of 500 hours. As of December 31, 2022, the liability for unpaid compensated absences was \$225,503 for the entire City.

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS

A. During 2022, the following activity occurred in governmental activities long-term obligations.

Governmental Activities:	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 01/01/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2022</u>	<u>Amounts Due in One Year</u>
<u>General Obligation Notes (direct borrowings):</u>							
Red Gate Land Acquisition	2015	2.92%	\$ 116,755	\$ -	\$ (77,261)	\$ 39,494	\$ 39,494
Police Department Addition	2015	2.92%	103,645	-	(68,585)	35,060	35,060
Radio & Equipment	2017	2.17%	32,050	-	(32,050)	-	-
Police Dispatcher Equipment	2020	2.69%	461,559	-	(78,891)	382,668	81,057
Total General Obligation Notes			<u>714,009</u>	<u>-</u>	<u>(256,787)</u>	<u>457,222</u>	<u>155,611</u>
<u>Bond (direct borrowing):</u>							
Vehicle Acquisition	2019	3.73%	44,718	-	(21,940)	22,778	22,778
<u>Other Long-Term Obligations:</u>							
Net Pension Liability			5,123,307	-	(976,863)	4,146,444	-
Net OPEB Liability			587,102	-	(1,800)	585,302	-
Compensated Absences			205,213	236,529	(239,653)	202,089	202,089
Total Long-Term Obligations			<u>5,915,622</u>	<u>236,529</u>	<u>(1,218,316)</u>	<u>4,933,835</u>	<u>202,089</u>
Total Governmental Activities Long-Term Obligations			<u>\$ 6,674,349</u>	<u>\$ 236,529</u>	<u>\$ (1,497,043)</u>	<u>\$ 5,413,835</u>	<u>\$ 380,478</u>

General Obligation Notes: On June 4, 2015, the City issued general obligation notes in the amount of \$1,070,500 for the purpose of retiring the balance of the 2011 Red Gate Land Acquisition general obligation bonds (\$567,088) and for the purpose of financing improvements to the police building (\$503,412). The notes have an interest rate of 2.92% and mature on June 1, 2023. The principal and interest on the note will be paid out of the red gate debt retirement fund and the general fund.

On February 1, 2017, the City issued a general obligation note in the amount of \$151,527 to purchase radios and ancillary equipment for the City of Canfield Police Department. This note has an interest rate of 2.174% and matured on September 1, 2022. The principal and interest on the note was paid out of the police department operating levy fund and the general fund.

On September 4, 2020, the City issued a general obligation note in the amount of \$580,000 to assist with installation and renovating of the City's police department dispatch center. This note has an interest rate of 2.69% and matures on June 1, 2027. The principal and interest on the note will be paid out of the general fund.

These general obligation notes are considered direct borrowings that have terms negotiated directly between the City and the creditors and are not offered for public sale. In the event of default, the creditor may declare the full amount of the then unpaid original note amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Vehicle Acquisition Bond: On February 8, 2019, the City issued a vehicle acquisition bond in the amount of \$106,555 for the purpose of acquiring and equipping a utility bucket truck. The bond has an interest rate of 3.73% and matures on December 1st, 2023. Principal and interest related to this bond will be paid from the Street Construction, Maintenance, & Repair fund.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

This vehicle acquisition bond is considered a direct borrowing that has terms negotiated directly between the City and the creditor and are not offered for public sale. In the event of default, the creditor may declare the full amount of the then unpaid original bond amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for more details. The City pays obligations related to employee compensation from the fund benefitting from their service which for the City, is primarily the general, Street, and Police funds.

Compensated Absences: Compensated absences are reported in the statement of net position will be paid from the fund from which the employee's salaries are paid. Compensated absences are further described in Note 10.B.

The following is the summary of the City's future annual debt service and interest requirements for governmental fund obligations:

Year Ending December 31,	General Obligation Notes			Vehicle Acquisition Bond		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 155,611	\$ 10,710	\$ 166,321	\$ 22,778	\$ 647	\$ 23,425
2024	83,260	7,683	90,943	-	-	-
2025	85,570	5,374	90,944	-	-	-
2026	87,919	3,024	90,943	-	-	-
2027	44,862	610	45,472	-	-	-
Total	<u>\$ 457,222</u>	<u>\$ 27,401</u>	<u>\$ 484,623</u>	<u>\$ 22,778</u>	<u>\$ 647</u>	<u>\$ 23,425</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. During 2022, the following activity occurred in the City's business-type long-term liabilities.

Business-Type Activities	Date of Issue	Interest Rate	Balance 1/20/2022	Additions	Retirements	Balance 12/31/2022	Amounts Due in One Year
<u>OPWC Loans (direct borrowings):</u>							
Sawmill Sanitary Main Lining Water Transmission Line	2003	0.00%	\$ 57,886	\$ -	\$ (23,155)	\$ 34,731	\$ 23,154
Rehabilitation and Replacement Fairview Dr. Storm	2015	0.00%	345,280	-	(14,094)	331,186	14,093
Water Management	2015	0.00%	172,800	-	(7,200)	165,600	7,200
Total OPWC Loans			575,966	-	(44,449)	531,517	44,447
<u>Other Long-Term Obligations:</u>							
OWDA loan - Water Main Replacement - direct borrowing			-	427,472	-	427,472	-
Sewer to Millennial note - direct borrowing			194,969	-	(33,325)	161,644	34,240
Net pension liability			423,734	-	(205,450)	218,284	-
Compensated absences			24,075	27,544	(28,205)	23,414	23,414
Total Other Long-Term Obligations			642,778	455,016	(266,980)	830,814	57,654
Total business-type activities long-term obligations			\$ 1,218,744	\$ 455,016	\$ (311,429)	\$ 1,362,331	\$ 102,101

OPWC Loans: User charges and impact fees are used to pay the OPWC loans reported in the enterprise funds.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

OWDA Loan: In 2022, the City entered into an arrangement to fund Bradford Dr. and Herbert Rd. waterline replacements through the Ohio Water Development Authority (OWDA). The City's total borrowing on this loan as of December 31, 2022 was \$427,472. This loan is still considered "open" and does not have a schedule available as of December 31, 2022. This loan bears an interest rate of 0.43% and the first semi-annual payment of principal and interest is due on January 1, 2024. The final payment is due on July 1, 2043. This loan is a liability of the water fund.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

General Obligation Notes: On September 4, 2020, the City issued a general obligation note in the amount of \$245,000 for the purpose of financing construction and installation of a sanitary sewer project to extend sanitary sewers to the Millennial Moments JEDD. The notes have an interest rate of 2.69% and mature on June 1, 2027. The principal and interest on the note will be paid out of the sewer fund.

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for more details. The City pays obligations related to employee compensation from the fund benefitting from their service which for the City, are the water, sewer, and storm funds.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences are reported in the statement of net position will be paid from the fund from which the employee's salaries are paid. Compensated absences are further described in Note 10.

The following is the summary of the City's future annual debt service and interest requirements for business-type activities obligations:

Year Ending December 31,	OPWC Loans			General Obligation Note		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 44,447	\$ -	\$ 44,447	\$ 34,240	\$ 4,176	\$ 38,416
2024	32,870	-	32,870	35,170	3,007	38,177
2025	21,293	-	21,293	36,146	2,270	38,416
2026	21,293	-	21,293	37,138	1,278	38,416
2027	21,293	-	21,293	18,950	258	19,208
2028 - 2032	106,465	-	106,465	-	-	-
2033 - 2037	106,465	-	106,465	-	-	-
2038 - 2042	106,466	-	106,466	-	-	-
2043 - 2046	70,925	-	70,925	-	-	-
Total	<u>\$ 531,517</u>	<u>\$ -</u>	<u>\$ 531,517</u>	<u>\$ 161,644</u>	<u>\$ 10,989</u>	<u>\$ 172,633</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2022, the City's total debt margin was \$24,577,870 and the unvoted debt margin was \$12,645,829.

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**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - RISK MANAGEMENT

A. Property, Liability and Bonds

The City is exposed to various risks of loss related to torts: theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the City contracted with Argonaut Insurance Group purchased through McGowan Governmental Underwriters for various types of insurance as follows:

City of Canfield Insurance Policies:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Argonaut Insurance Company	General Liability	None
	Umbrella Liability	None
	General Property Insurance	\$ 500
	Commercial Inland Marine	\$ 500
	Commercial Property	\$ 1,000
	Commercial Automobile-Comprehensive	\$ 1,000
	Commercial Automobile-Collision	\$ 1,000
	Commercial Automobile-Liability	None
	Employment Practices Liability	\$ 10,000
	Law Enforcement Liability	\$ 10,000
	Public Officials Liability	\$ 10,000
Western Surety/ State Auto Insurance Company	Bond- Employee & Officials	None

No settlements exceeded the insurance coverage in the last three years. There has been no significant reduction in coverage from the prior year.

B. Workers' Compensation

Workers' compensation is provided by the State. The City pays the Ohio Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Unemployment

The City pays unemployment claims to the State of Ohio as incurred.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension liability/asset 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/OPEB 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/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension 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 pension liabilities within 30 years. If the pension 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/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. 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 3.00%.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rates

** This employer health care rate is for the traditional and combined plan contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$264,235 for 2022. Of this amount, \$10,050 is reported as due to other governments.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - City full-time police 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 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 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 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving 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 3.00% 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 3.00% 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 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police
2022 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2022 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$298,223 for 2022. Of this amount, \$12,968 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset 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 - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01195000%	0.01474700%	0.01532800%	0.05541230%	
Proportion of the net pension liability/asset current measurement date	0.01182300%	0.01304200%	0.01974400%	0.05339930%	
Change in proportionate share	-0.00012700%	-0.00170500%	0.00441600%	-0.00201300%	
Proportionate share of the net pension liability	\$ 1,028,649	\$ -	\$ -	\$ 3,336,079	\$ 4,364,728
Proportionate share of the net pension asset	-	(51,387)	(3,585)	-	(54,972)
Pension expense	(131,315)	(1,854)	(575)	238,459	104,715

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 52,439	\$ 319	\$ 3,549	\$ 96,189	\$ 152,496
Changes of assumptions	128,632	2,582	121	609,693	741,028
Changes in employer's proportionate percentage/difference between employer contributions	61,991	-	-	166,885	228,876
Contributions subsequent to the measurement date	242,444	8,468	13,324	298,223	562,459
Total deferred outflows of resources	<u>\$ 485,506</u>	<u>\$ 11,369</u>	<u>\$ 16,994</u>	<u>\$ 1,170,990</u>	<u>\$ 1,684,859</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 22,561	\$ 5,751	\$ -	\$ 173,432	\$ 201,744
Net difference between projected and actual earnings on pension plan investments	1,223,540	11,015	817	874,665	2,110,037
Changes in employer's proportionate percentage/difference between employer contributions	73,790	-	-	121,815	195,605
Total deferred inflows of resources	<u>\$ 1,319,891</u>	<u>\$ 16,766</u>	<u>\$ 817</u>	<u>\$ 1,169,912</u>	<u>\$ 2,507,386</u>

\$562,459 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/increase to the net pension liability/asset in the year ending December 31, 2023.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2023	\$ (170,361)	\$ (3,377)	\$ 354	\$ 59,478	\$ (113,906)
2024	(424,127)	(4,669)	267	(183,734)	(612,263)
2025	(287,704)	(3,061)	324	(130,296)	(420,737)
2026	(194,636)	(2,272)	335	(93,615)	(290,188)
2027	-	(300)	439	51,022	51,161
Thereafter	-	(186)	1,134	-	948
Total	<u>\$ (1,076,828)</u>	<u>\$ (13,865)</u>	<u>\$ 2,853</u>	<u>\$ (297,145)</u>	<u>\$ (1,384,985)</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 benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all 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, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

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, 2021, 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	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan 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/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,712,078	\$ 1,028,649	\$ (372,188)
Combined Plan	(38,343)	(51,387)	(61,558)
Member-Directed Plan	(3,159)	(3,585)	(3,949)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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 calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

<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 pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on 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 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability	\$ 4,947,359	\$ 3,336,079	\$ 1,994,281

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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. 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.

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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 became 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 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, 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 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$5,329 for 2022. Of this amount, \$203 is reported as due to other governments.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% 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 \$7,848 for 2022. Of this amount, \$341 is reported as due to other governments.

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. 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 prior measurement date	0.01216700%	0.05541230%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01217900%</u>	<u>0.05339930%</u>	
Change in proportionate share	<u>0.00001200%</u>	<u>-0.00201300%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 585,302	\$ 585,302
Proportionate share of the net OPEB asset	(381,465)	-	(381,465)
OPEB expense	(300,065)	80,241	(219,824)

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 26,626	\$ 26,626
Changes of assumptions	-	259,070	259,070
Changes in employer's proportionate percentage/difference between employer contributions	33,850	123,475	157,325
Contributions subsequent to the measurement date	5,329	7,848	13,177
Total deferred outflows of resources	<u>\$ 39,179</u>	<u>\$ 417,019</u>	<u>\$ 456,198</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 57,862	\$ 77,356	\$ 135,218
Net difference between projected and actual earnings on OPEB plan investments	181,856	52,869	234,725
Changes of assumptions	154,412	67,978	222,390
Changes in employer's proportionate percentage/difference between employer contributions	26,943	10,141	37,084
Total deferred inflows of resources	<u>\$ 421,073</u>	<u>\$ 208,344</u>	<u>\$ 629,417</u>

\$13,177 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/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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
2023	\$ (237,290)	\$ 61,330	\$ (175,960)
2024	(84,080)	53,485	(30,595)
2025	(39,734)	53,934	14,200
2026	(26,119)	8,372	(17,747)
2027	-	13,294	13,294
Thereafter	-	10,413	10,413
Total	\$ (387,223)	\$ 200,828	\$ (186,395)

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 health care costs 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, 2020, rolled forward to the measurement date of December 31, 2021.

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

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.

During 2021, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, 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 Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 224,337	\$ 381,465	\$ 511,883

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 385,587	\$ 381,465	\$ 376,575

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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 the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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%.

<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.

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

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

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

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 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 735,738	\$ 585,302	\$ 461,644

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 15 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned, restricted or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
6. 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 (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance			
	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Police Department Operating Levy</u>	<u>American Rescue Plan Act</u>
Budget basis	\$ (126,663)	\$ (29,563)	\$ (143,975)	\$ 120,888
Net adjustment for revenue accruals	56,330	(7,417)	(1,604)	(228,618)
Net adjustment for expenditure accruals	64,333	54,772	12,807	-
Net adjustment for other sources/uses	(40,219)	(4,007)	-	-
Funds budgeted elsewhere	(2,625)	-	-	-
Adjustment for encumbrances	369,470	46,740	161,617	107,730
GAAP basis	<u>\$ 320,626</u>	<u>\$ 60,525</u>	<u>\$ 28,845</u>	<u>\$ -</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the self-insurance fund, the subdivision escrow fund, the subdivision deposits fund, and the unclaimed monies fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

Canfield Community Joint Economic Development District (JEDD)

The City of Canfield has entered into a contractual agreement effective April 27, 2015 with Canfield Township to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, the City, the Township and the JEDD. The JEDD is administered by a five-member Board of Directors consisting of one member representing the City, one member representing the Township, one member representing the owners of businesses located in the JEDD, one member representing persons working within the JEDD, and one member who shall serve as the chairperson who selected by the other four members. The initial term of the agreement is for a period of twenty-five years from the effective date. The Board of Directors has entered into an agreement with the City of Canfield to administer, collect and enforce the income tax on behalf of the JEDD. In consideration of its services pertaining to income tax administration and collection, the City shall receive a service fee equal to one percent of gross income tax revenue based upon receipts. The City shall pay one percent of the gross income tax into escrow. Upon termination of the contractual agreement, any property, asset and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. The JEDD had income tax revenue of \$22,684 during 2022.

Millennial Moments Joint Economic Development District (JEDD)

The City of Canfield has entered into a contractual agreement effective April 16, 2019 with Canfield Township for the purpose of facilitating economic development and redevelopment, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio and in the respective areas of the contracting parties. The JEDD is administered by a five-member Board of Directors consisting of one member representing the City, one member representing the Township, one member representing the owners of businesses located in the JEDD, one member representing persons working within the JEDD, and one member who shall serve as the chairperson who is selected by the other four members. The municipal member and township member must be an elected official. The initial term of the agreement is for a period of twenty-five years from the effective date. The Board of Directors has entered into an agreement with the City of Canfield to administer, collect and enforce the income tax on behalf of the JEDD. In consideration of its services pertaining to income tax administration and collection, the City shall receive a service fee equal to one percent of gross income tax revenue based upon receipts. The City shall pay one percent of the gross income tax into escrow. Upon termination of the contractual agreement, any property, asset and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. The JEDD had income tax revenue of \$427 during 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 17 - FUND BALANCE

Fund balance is 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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund balance	General	Street Construction, Maintenance and Repair	Police Department Operating Levy	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 80,559	\$ 19,946	\$ 5,289	\$ -	\$ 1,002	\$ 106,796
Unclaimed monies	5,875	-	-	-	-	5,875
Permanent fund	-	-	-	-	72,400	72,400
Total nonspendable	<u>86,434</u>	<u>19,946</u>	<u>5,289</u>	<u>-</u>	<u>73,402</u>	<u>185,071</u>
Restricted:						
Security of persons and property	-	-	272,591	-	198,248	470,839
Public health and welfare	-	-	-	-	22,659	22,659
Transportation	-	932,665	-	-	124,056	1,056,721
Capital outlay	-	-	-	-	4,828	4,828
Debt service	-	-	-	-	22,583	22,583
Permanent fund	-	-	-	-	124,119	124,119
Total restricted	<u>-</u>	<u>932,665</u>	<u>272,591</u>	<u>-</u>	<u>496,493</u>	<u>1,701,749</u>
Committed:						
General government	139,563	-	-	-	274,011	413,574
Leisure time activities	-	-	-	-	245,454	245,454
Total committed	<u>139,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>519,465</u>	<u>659,028</u>
Assigned:						
General government	47,282	-	-	-	-	47,282
Security of persons and property	157,494	-	-	-	-	157,494
Community environment	7,166	-	-	-	-	7,166
Total assigned	<u>211,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,942</u>
Unassigned (deficit)	<u>1,247,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(288,585)</u>	<u>958,857</u>
Total fund balances	<u>\$ 1,685,381</u>	<u>\$ 952,611</u>	<u>\$ 277,880</u>	<u>\$ -</u>	<u>\$ 800,775</u>	<u>\$ 3,716,647</u>

**CITY OF CANFIELD
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 18 - 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 were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 509,166
Street Construction, Maintenance and Repair	45,322
American Rescue Plan Act	107,730
Police Department Operating Levy	158,841
Other Governmental	<u>171,468</u>
Total	<u>\$ 992,527</u>

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2022.

B. Litigation

The City is party to one (1) legal proceeding. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 20 - CONTRACTUAL COMMITMENTS

At December 31, 2022, the City had the following outstanding contractual commitments:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Clark Equipment Co.	\$ 59,900	\$ -	\$ 59,900
Ganley Chevrolet of Aurora	80,000	-	80,000
Howells and Baird Inc.	108,500	69,523	38,977
MS Consultants Inc.	495,522	215,549	279,973
Kirila Contractors Inc.	529,749	420,271	109,478
Tyler Technologies Inc.	88,360	40,495	47,865
Total contractual commitments	<u>\$ 1,362,031</u>	<u>\$ 745,838</u>	<u>\$ 616,193</u>

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.011823%	0.011950%	0.011947%	0.011216%
City's proportionate share of the net pension liability	\$ 1,028,649	\$ 1,769,535	\$ 2,361,406	\$ 3,071,835
City's covered payroll	\$ 1,758,407	\$ 1,683,086	\$ 1,680,993	\$ 1,514,879
City's proportionate share of the net pension liability as a percentage of its covered payroll	58.50%	105.14%	140.48%	202.78%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.013042%	0.014747%	0.013853%	0.025031%
City's proportionate share of the net pension (asset)	\$ (51,387)	\$ 42,568	\$ 28,887	\$ 27,990
City's covered payroll	\$ 59,457	\$ 64,993	\$ 61,671	\$ 107,057
City's proportionate share of the net pension asset as a percentage of its covered payroll	-86.43%	65.50%	46.84%	26.14%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.019744%	0.015328%	0.011854%	0.010445%
City's proportionate share of the net pension (asset)	\$ (3,585)	\$ 2,794	\$ 448	\$ 238
City's covered payroll	\$ 123,790	\$ 92,060	\$ 70,460	\$ 59,710
City's proportionate share of the net pension asset as a percentage of its covered payroll	-2.90%	3.03%	0.64%	0.40%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014
	0.010017%	0.010735%	0.011121%	0.011088%	0.011088%
\$	1,571,472	\$ 2,437,737	\$ 1,926,297	\$ 1,337,337	\$ 1,307,131
\$	1,323,738	\$ 1,387,675	\$ 1,392,950	\$ 1,354,508	\$ 1,356,408
	118.71%	175.67%	138.29%	98.73%	96.37%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.023669%	0.029751%	0.031320%	0.032328%	0.032328%
\$	32,221	\$ 16,557	\$ 15,241	\$ 12,448	\$ 3,392
\$	96,938	\$ 115,808	\$ 113,283	\$ 118,167	\$ 107,700
	33.24%	14.30%	13.45%	10.53%	3.15%
	137.28%	116.55%	116.90%	114.83%	104.56%
	0.011236%	0.012497%	0.012233%	n/a	n/a
\$	392	\$ 52	\$ 47	n/a	n/a
\$	61,580	\$ 64,874	\$ 86,063	n/a	n/a
	0.64%	0.08%	0.05%	n/a	n/a
	124.46%	103.40%	103.91%	n/a	n/a

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.05339930%	0.05541230%	0.05497760%	0.05225000%
City's proportionate share of the net pension liability	\$ 3,336,079	\$ 3,777,506	\$ 3,703,585	\$ 4,264,981
City's covered payroll	\$ 1,512,732	\$ 1,507,768	\$ 1,450,879	\$ 1,312,763
City's proportionate share of the net pension liability as a percentage of its covered payroll	220.53%	250.54%	255.26%	324.89%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.04936500%	0.04673530%	0.05274700%	0.05284500%	0.05284500%
\$ 3,029,758	\$ 2,961,289	\$ 3,393,261	\$ 2,737,607	\$ 2,573,732
\$ 1,198,095	\$ 1,118,963	\$ 1,190,137	\$ 1,160,168	\$ 1,125,595
252.88%	264.65%	285.12%	235.97%	228.66%
70.91%	68.36%	66.77%	72.20%	73.00%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 242,444	\$ 246,177	\$ 235,632	\$ 235,339
Contributions in relation to the contractually required contribution	<u>(242,444)</u>	<u>(246,177)</u>	<u>(235,632)</u>	<u>(235,339)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,731,743	\$ 1,758,407	\$ 1,683,086	\$ 1,680,993
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 8,468	\$ 8,324	\$ 9,099	\$ 8,634
Contributions in relation to the contractually required contribution	<u>(8,468)</u>	<u>(8,324)</u>	<u>(9,099)</u>	<u>(8,634)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 60,486	\$ 59,457	\$ 64,993	\$ 61,671
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 13,324	\$ 12,379	\$ 9,206	\$ 7,046
Contributions in relation to the contractually required contribution	<u>(13,324)</u>	<u>(12,379)</u>	<u>(9,206)</u>	<u>(7,046)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 133,240	\$ 123,790	\$ 92,060	\$ 70,460
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2015 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 212,083	\$ 172,086	\$ 166,521	\$ 167,154	\$ 162,541	\$ 176,294
<u>(212,083)</u>	<u>(172,086)</u>	<u>(166,521)</u>	<u>(167,154)</u>	<u>(162,541)</u>	<u>(176,294)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,514,879	\$ 1,323,738	\$ 1,387,675	\$ 1,392,950	\$ 1,354,508	\$ 1,356,108
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 14,988	\$ 12,602	\$ 13,897	\$ 13,594	\$ 14,180	\$ 14,001
<u>(14,988)</u>	<u>(12,602)</u>	<u>(13,897)</u>	<u>(13,594)</u>	<u>(14,180)</u>	<u>(14,001)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 107,057	\$ 96,938	\$ 115,808	\$ 113,283	\$ 118,167	\$ 107,700
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 5,971	\$ 6,158	\$ 6,163	\$ 8,176		
<u>(5,971)</u>	<u>(6,158)</u>	<u>(6,163)</u>	<u>(8,176)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -		
\$ 59,710	\$ 61,580	\$ 51,358	\$ 68,133		
10.00%	10.00%	12.00%	12.00%		

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 298,223	\$ 287,419	\$ 286,476	\$ 275,667
Contributions in relation to the contractually required contribution	<u>(298,223)</u>	<u>(287,419)</u>	<u>(286,476)</u>	<u>(275,667)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,569,595	\$ 1,512,732	\$ 1,507,768	\$ 1,450,879
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 249,425	\$ 227,638	\$ 212,603	\$ 226,126	\$ 220,432	\$ 178,782
<u>(249,425)</u>	<u>(227,638)</u>	<u>(212,603)</u>	<u>(226,126)</u>	<u>(220,432)</u>	<u>(178,782)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,312,763	\$ 1,198,095	\$ 1,118,963	\$ 1,190,137	\$ 1,387,820	\$ 1,402,212
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST SIX YEARS			
	2022	2021	2020	2019
City's proportion of the net OPEB liability/asset	0.012179%	0.012167%	0.012001%	0.011594%
City's proportionate share of the net OPEB liability/(asset)	\$ (381,465)	\$ (216,765)	\$ 1,657,651	\$ 1,511,584
City's covered payroll	\$ 1,941,654	\$ 1,840,139	\$ 1,813,124	\$ 1,681,646
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.65%	11.78%	91.43%	89.89%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2018</u>	<u>2017</u>
	0.010460%	0.011309%
\$	1,135,879	\$ 1,142,200
\$	1,482,256	\$ 1,568,357
	76.63%	72.83%
	54.14%	54.05%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

	LAST SIX YEARS			
	2022	2021	2020	2019
City's proportion of the net OPEB liability	0.05339930%	0.05541230%	0.05497760%	0.05225000%
City's proportionate share of the net OPEB liability	\$ 585,302	\$ 587,102	\$ 543,054	\$ 475,816
City's covered payroll	\$ 1,512,732	\$ 1,507,768	\$ 1,450,879	\$ 1,312,763
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.69%	38.94%	37.43%	36.25%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.04936500%	0.04675300%
\$ 2,796,952	\$ 2,219,260
\$ 1,198,095	\$ 1,118,963
233.45%	198.33%
14.13%	15.96%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 5,329	\$ 4,951	\$ 3,682	\$ 2,819
Contributions in relation to the contractually required contribution	(5,329)	(4,951)	(3,682)	(2,819)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,925,469	\$ 1,941,654	\$ 1,840,139	\$ 1,813,124
Contributions as a percentage of covered payroll	0.28%	0.25%	0.20%	0.16%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,388	\$ 16,669	\$ 32,989	\$ 30,125	\$ 29,462	\$ 14,632
<u>(2,388)</u>	<u>(16,669)</u>	<u>(32,989)</u>	<u>(30,125)</u>	<u>(29,462)</u>	<u>(14,632)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,681,646	\$ 1,482,256	\$ 1,554,841	\$ 1,574,366	\$ 1,472,675	\$ 1,463,808
0.14%	1.12%	2.12%	1.91%	2.00%	1.00%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 7,848	\$ 7,564	\$ 7,539	\$ 7,254
Contributions in relation to the contractually required contribution	<u>(7,848)</u>	<u>(7,564)</u>	<u>(7,539)</u>	<u>(7,254)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,569,595	\$ 1,512,732	\$ 1,507,768	\$ 1,450,879
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,564	\$ 5,990	\$ 5,595	\$ 6,112	\$ 5,787	\$ 40,112
<u>(6,564)</u>	<u>(5,990)</u>	<u>(5,595)</u>	<u>(6,112)</u>	<u>(5,787)</u>	<u>(40,112)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,312,763	\$ 1,198,095	\$ 1,118,963	\$ 1,190,137	\$ 1,387,820	\$ 1,402,212
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

**CITY OF CANFIELD
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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**CITY OF CANFIELD
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Office of Budget and Management</i>			
COVID-19 CARES Act Funding	21.019	HB481-CRF-Local	\$26,648
COVID-19 American Rescue Plan	21.017		150,783
Total U.S. Department of Treasury			<u>177,431</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Federal Transit Administration</i>			
<i>Passed Through Ohio Department of Transportation</i>			
National Priority Safety Program - OVI Task Force 2022	20.616	69A3752130000405DOHL	113,527
National Priority Safety Program - OVI Task Force 2023	20.616	OVI-2023-Canfield Police Department-00008	22,026
Total National Priority Safety Program / U.S. Department of Transportation			<u>135,553</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Office of Criminal Justice Services</i>			
COPS School Violence Prevention	16.710	2020SVWX0014	98,644
COPS School Violence Prevention	16.710	15JCOPS-21-GG-03669-SSIK	302,512
Total COPS School Violence Prevention			<u>401,156</u>
<i>Passed Through Ohio Office of Criminal Justice Services</i>			
Bulletproof Vest Partnership Program	16.607		6,833
Total Bulletproof Vest Partnership Program			<u>6,833</u>
Total U.S. Department of Justice			<u>407,989</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant Program	97.039	FEMA-DR-4447.08-R-OH	70,813
Total Federal Emergency Management Agency			<u>70,813</u>
FEDERAL HIGHWAY ADMINISTRATION (FHWA)			
<i>Passed Through Eastgate Regional Council of Governments</i>			
Highway Planning and Construction	20.205	E210334	9,000
Total Federal Highway Administration			<u>9,000</u>
Total Expenditures of Federal Awards			<u><u>\$800,786</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF CANFIELD
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Canfield (the City) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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

City of Canfield
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

To the Members of Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield, Mahoning County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 18, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Canfield
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

To the Members of Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Canfield's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Canfield's major federal program for the year ended December 31, 2022. The City of Canfield's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Canfield complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

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**CITY OF CANFIELD
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	COPS School Violence Prevention (AL # 16.710)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF CANFIELD

MAHONING 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 9/26/2023

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This report is a matter of public record and is available online at
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