OHIO AUDITOR OF STATE
KEITH FABER

CITY OF IRONTON
LAWRENCE COUNTY
DECEMBER 31, 2022

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CITY OF IRONTON
LAWRENCE COUNTY
DECEMBER 31, 2022

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

City of Ironton
Lawrence County
301 South Third Street
Ironton, Ohio 45638

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence 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 modified cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 1.

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 - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding 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 the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole 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 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 to 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 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

Keith Faber
Auditor of State
Columbus, Ohio
July 25, 2023

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Management's Discussion and Analysis
For the Year Ended December 31, 2022 ***Unaudited***

The discussion and analysis of the City of Ironton's financial performance provides an overall review of the City's financial activities for the fiscal 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 notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- In total, net position decreased $1,001,787. Net position of governmental activities decreased $1,462,277, or approximately 16%. Net position of business-type activities increased $460,490, or approximately 19%.
- General receipts accounted for $5,925,201, or 35% of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for $10,825,454, or 65% of total receipts of $16,750,655.
- The City had $11,729,975 in disbursements related to governmental activities; only $4,332,634 of these disbursements were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General receipts of $5,911,409 were not adequate to provide for these programs.
- Among major funds, the general fund had $7,240,600 in receipts and $7,203,893 in disbursements. The general fund's fund balance increased $150,201.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the modified cash activities of the City as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the City's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statements

The statement of net position and the statement of activities reflect how the City did financially during the year, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the City at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts and interest are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the City's general receipts. These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other nonfinancial factors such as the City's property tax base, the condition of the City's capital assets, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

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

- *Governmental Activities* – Most of the City's programs and services are reported here including general government, public safety, street maintenance, construction and repair, health and social services, and recreation.

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

Fund Financial Statements

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

Management's Discussion and Analysis
For the Year Ended December 31, 2022 ***Unaudited***

Governmental Funds – Most of the City's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the City's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the City, the service is reported as an internal service fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Pooled Cash and Investments	$7,889,212	$9,351,489	$2,156,011	$1,708,601	$10,045,223	$11,060,090
Cash and Cash Equivalents	0	0	707,662	694,582	707,662	694,582
Total Assets	7,889,212	9,351,489	2,863,673	2,403,183	10,752,885	11,754,672
Net Position:						
Restricted	4,677,311	6,569,499	707,662	694,582	5,384,973	7,264,081
Unrestricted	3,211,901	2,781,990	2,156,011	1,708,601	5,367,912	4,490,591
Total Net Position	$7,889,212	$9,351,489	$2,863,673	$2,403,183	$10,752,885	$11,754,672

Management's Discussion and Analysis
For the Year Ended December 31, 2022 ***Unaudited***

Changes in Net Position – The following table shows the changes in net position for 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	Total
	2022	2021	2022	2021	2022	2021
Receipts						
Program Receipts:						
Charges for Services and Sales	$2,708,538	$2,649,073	$6,492,820	$5,521,926	$9,201,358	$8,170,999
Operating Grants and Contributions	1,624,096	2,043,566	0	0	1,624,096	2,043,566
Total Program Receipts	4,332,634	4,692,639	6,492,820	5,521,926	10,825,454	10,214,565
General Receipts:						
Taxes	4,043,031	4,189,881	0	0	4,043,031	4,189,881
Intergovernmental, Unrestricted	487,458	445,309	0	0	487,458	445,309
Investment Earnings	33,997	8,629	13,792	2,761	47,789	11,390
Sale of Assets	599,839	0	0	0	599,839	0
Refunding Bonds Issued	0	1,004,000	0	0	0	1,004,000
Installment Loan Proceeds	0	82,263	0	171,311	0	253,574
Bond Issuance	0	4,996,000	0	0	0	4,996,000
Miscellaneous	747,084	333,429	0	0	747,084	333,429
Total General Receipts	5,911,409	11,059,511	13,792	174,072	5,925,201	11,233,583
Total Receipts	10,244,043	15,752,150	6,506,612	5,695,998	16,750,655	21,448,148
Program Disbursements						
Security of Persons and Property	4,167,737	4,105,837	0	0	4,167,737	4,105,837
Public Health and Welfare Services	43,629	42,262	0	0	43,629	42,262
Leisure Time Activities	141,431	131,166	0	0	141,431	131,166
Community Environment	274,464	510,810	0	0	274,464	510,810
Transportation	687,680	705,475	0	0	687,680	705,475
General Government	2,488,388	2,214,899	0	0	2,488,388	2,214,899
Capital Outlay	3,293,118	1,467,856	0	0	3,293,118	1,467,856
Debt Service:						
Principal Retirement	467,514	312,587	0	0	467,514	312,587
Payment to Refunded Bond Escrow Agent	0	990,842	0	0	0	990,842
Interest and Fiscal Charges	166,014	187,587	0	0	166,014	187,587
Water	0	0	2,645,418	2,202,097	2,645,418	2,202,097
Sewer	0	0	1,925,568	1,771,621	1,925,568	1,771,621
Sanitation	0	0	726,778	935,666	726,778	935,666
Storm Water	0	0	724,703	803,431	724,703	803,431
Total Disbursements	11,729,975	10,669,321	6,022,467	5,712,815	17,752,442	16,382,136
Change in Net Position Before Transfers and Advances	(1,485,932)	5,082,829	484,145	(16,817)	(1,001,787)	5,066,012
Transfers and Advances	23,655	(45,602)	(23,655)	45,602	0	0
Change in Net Position	(1,462,277)	5,037,227	460,490	28,785	(1,001,787)	5,066,012
Beginning Net Position	9,351,489	4,314,262	2,403,183	2,374,398	11,754,672	6,688,660
Ending Net Position	$7,889,212	$9,351,489	$2,863,673	$2,403,183	$10,752,885	$11,754,672

Management's Discussion and Analysis
For the Year Ended December 31, 2022 ***Unaudited***

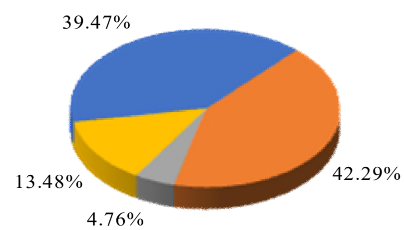
Governmental Activities

Net position of the City's Governmental Activities decreased $1,462,277. The City received approximately $550,000 in Local Fiscal Recovery funds received through the American Rescue Plan Act, which are reported as operating grants and contributions. An overall decrease in operating grants and contributions can be attributed to Community Development Block Grant Funding received in the prior year. Amounts received for the sale of assets was due to the sale of a City owned radio tower. An increase in miscellaneous receipts can be attributed to amounts received for the lease of property to the Lawrence County Port Authority. An increase in capital outlay was the result of improvements to the Wolohan building, which will be used for City purposes.

The City also receives an income tax, which is based on 1.0% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City and businesses operating in the City.

Taxes made up 39% of receipts for governmental activities in 2022. The City's reliance upon tax receipts is demonstrated by the following graph:

Receipts	2022	Percent of Total
Taxes	$4,043,031	39.47%
Program Receipts	4,332,634	42.29%
Intergovernmental, Unrestricted	487,458	4.76%
General Other	1,380,920	13.48%
Total Receipts	$10,244,043	100.00%



Business-type Activities

Net position of the City's business-type activities increased $460,490. An increase in charges for services and sales was the result of an increase in charges for water service. This increase can be attributed to an increase in usage rates, as well as an increase in bulk water sales. Disbursements were consistent with the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $7,880,309, which is a decrease from last year's balance of $9,345,752. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	$2,695,325	$2,545,124	$150,201
Municipal Facility Improvements	686	1,339,384	(1,338,698)
Road and Bridge Improvements	2,156,673	2,250,096	(93,423)
Other Governmental	3,027,625	3,211,148	(183,523)
Total	$7,880,309	$9,345,752	($1,465,443)

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

	2022 Receipts	2021 Receipts	Increase (Decrease)
Taxes	$3,498,757	$3,753,820	($255,063)
Intergovernmental Receipts	1,017,653	442,221	575,432
Charges for Services	1,826,788	1,805,145	21,643
Licenses and Permits	37,778	40,724	(2,946)
Investment Earnings	19,339	5,143	14,196
Fines and Forfeitures	282,397	286,514	(4,117)
All Other Receipts	557,888	200,724	357,164
Total	$7,240,600	$6,534,291	$706,309

General Fund receipts increased $706,309, or approximately 11%. An increase in intergovernmental receipts can be attributed to Local Fiscal Recovery funds received through the American Rescue Plan Act. An increase in all other receipts can be attributed to amounts received for the lease of property to the Lawrence County Port Authority.

	2022 Disbursements	2021 Disbursements	Increase (Decrease)
Current:			
Security of Persons and Property	$3,508,156	$3,225,913	$282,243
Public Health and Welfare Services	43,629	42,262	1,367
Community Environment	77,731	38,047	39,684
General Government	1,956,800	1,964,831	(8,031)
Capital Outlay	1,265,799	0	1,265,799
Debt Service:			
Principal Retirement	267,007	211,327	55,680
Interest and Fiscal Charges	84,771	73,710	11,061
Total	$7,203,893	$5,556,090	$1,647,803

General Fund disbursements increased $1,647,803, or 30%. This can mostly be attributed to an increase in capital outlay, which was the result of improvements to the Wolohan building, which will be used for City purposes.

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

For the General Fund, actual budget basis receipts of $5.8 million were not significantly different from original or final budget estimates. Actual budget basis disbursements of $6.0 million did not significantly change from original or final budget estimates. The General Fund actual fund balance at year end was $2,218,206.

DEBT ADMINISTRATION

The following table summarizes the City's debt outstanding as of December 31, 2022 and 2021:

	2022	2021
Business-Type Activities:		
Ohio Water Development Authority Loans	$669,452	$697,273
Ohio Public Works Commission Loans	136,315	155,996
Revenue Bonds	8,480,000	8,820,000
Installment Loans	103,004	134,970
General Obligation Bonds	1,231,596	1,602,162
Total Business-Type Activities	10,620,367	11,410,401
Governmental Activities:		
General Obligation Bonds	5,485,000	5,888,600
Installment Loans	315,745	379,659
Police and Firemen's Accrued Pension	280,497	297,278
Total Governmental Activities	6,081,242	6,565,537
Totals	$16,701,609	$17,975,938

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 8.

ECONOMIC FACTORS

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 740-533-0439 or writing to the City of Ironton Finance Department, 301 S. 3rd St. – 2nd Floor, PO Box 704, Ironton, Ohio 45638.

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Statement of Net Position – Modified Cash Basis
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	$ 7,889,212	$ 2,156,011	$ 10,045,223
Restricted Assets:			
Cash and Cash Equivalents	0	654,192	654,192
Cash and Cash Equivalents with Fiscal Agent	0	53,470	53,470
Total Assets	7,889,212	2,863,673	10,752,885
Net Position:			
Restricted For:			
Capital Projects	2,157,359	0	2,157,359
Debt Service	2,894	707,662	710,556
Streets and Highways	640,530	0	640,530
Security of Persons and Property	1,451,731	0	1,451,731
Other Purposes	424,797	0	424,797
Unrestricted	3,211,901	2,156,011	5,367,912
Total Net Position	$ 7,889,212	$ 2,863,673	$ 10,752,885

See accompanying notes to the basic financial statements

Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2022

		Program Receipts	
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Security of Persons and Property	$ 4,167,737	$ 1,094,581	$ 10,353
Public Health and Welfare Services	43,629	0	9,061
Leisure Time Activities	141,431	9,147	0
Community Environment	274,464	181,314	0
Transportation	687,680	0	805,270
General Government	2,488,388	1,423,496	799,412
Capital Outlay	3,293,118	0	0
Principal Retirement	467,514	0	0
Interest and Fiscal Charges	166,014	0	0
Total Governmental Activities	11,729,975	2,708,538	1,624,096
Business-Type Activities:			
Water	2,645,418	2,985,923	0
Sewer	1,925,568	1,826,726	0
Sanitation	726,778	782,996	0
Storm Water	724,703	897,175	0
Total Business-Type Activities	6,022,467	6,492,820	0
Totals	$ 17,752,442	$ 9,201,358	$ 1,624,096

General Receipts and Transfers

Property Taxes

Municipal Income Taxes

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Sale of Assets

Miscellaneous

Transfers

Total General Receipts and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (3,062,803)	$ 0	$ (3,062,803)
(34,568)	0	(34,568)
(132,284)	0	(132,284)
(93,150)	0	(93,150)
117,590	0	117,590
(265,480)	0	(265,480)
(3,293,118)	0	(3,293,118)
(467,514)	0	(467,514)
(166,014)	0	(166,014)
(7,397,341)	0	(7,397,341)
0	340,505	340,505
0	(98,842)	(98,842)
0	56,218	56,218
0	172,472	172,472
0	470,353	470,353
$ (7,397,341)	$ 470,353	$ (6,926,988)
801,128	0	801,128
3,085,751	0	3,085,751
156,152	0	156,152
487,458	0	487,458
33,997	13,792	47,789
599,839	0	599,839
747,084	0	747,084
23,655	(23,655)	0
5,935,064	(9,863)	5,925,201
(1,462,277)	460,490	(1,001,787)
9,351,489	2,403,183	11,754,672
$ 7,889,212	$ 2,863,673	$ 10,752,885

Balance Sheet – Modified Cash Basis
Governmental Funds
December 31, 2022

	General	Municipal Facility Improvements	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled Cash and Investments	$ 2,695,325	$ 686	$ 2,156,673	$ 3,027,625	$ 7,880,309
Total Assets	$ 2,695,325	$ 686	$ 2,156,673	$ 3,027,625	$ 7,880,309
Fund Balances:					
Restricted	$ 0	$ 686	$ 2,156,673	$ 2,519,952	$ 4,677,311
Committed	231,681	0	0	0	231,681
Assigned	827,024	0	0	507,673	1,334,697
Unassigned	1,636,620	0	0	0	1,636,620
Total Fund Balances	$ 2,695,325	$ 686	$ 2,156,673	$ 3,027,625	$ 7,880,309

See accompanying notes to the basic financial statements

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - Modified Cash Basis
December 31, 2022

Total Governmental Fund Balances	$	7,880,309
Amounts reported for governmental activities in the statement of net position are different because		
The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Internal Service Net Position		8,903
Net Position of Governmental Activities	$	7,889,212

See accompanying notes to the basic financial statements

Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Municipal Facility Improvements	Road and Bridge Improvements	Other Governmental Funds
Receipts:				
Taxes	$ 3,498,757	$ 0	$ 0	$ 544,274
Intergovernmental Receipts	1,017,653	0	0	1,093,901
Charges for Services	1,826,788	0	0	505,713
Licenses and Permits	37,778	0	0	0
Investment Earnings	19,339	0	0	14,658
Fines and Forfeitures	282,397	0	0	55,862
All Other Receipts	557,888	0	0	189,196
Total Receipts	7,240,600	0	0	2,403,604
Disbursements:				
Current:				
Security of Persons and Property	3,508,156	0	0	659,581
Public Health and Welfare Services	43,629	0	0	0
Leisure Time Activities	0	0	0	141,431
Community Environment	77,731	0	0	196,733
Transportation	0	0	0	687,680
General Government	1,956,800	0	0	534,754
Capital Outlay	1,265,799	1,338,698	93,423	595,198
Debt Service:				
Principal Retirement	267,007	0	0	200,507
Interest and Fiscal Charges	84,771	0	0	81,243
Total Disbursements	7,203,893	1,338,698	93,423	3,097,127
Excess (Deficiency) of Receipts Over (Under) Disbursements	36,707	(1,338,698)	(93,423)	(693,523)
Other Financing Sources (Uses):				
Sale of Capital Assets	599,839	0	0	0
Transfers In	23,655	0	0	0
Advances In	0	0	0	510,000
Advances Out	(510,000)	0	0	0
Total Other Financing Sources (Uses)	113,494	0	0	510,000
Net Change in Fund Balances	150,201	(1,338,698)	(93,423)	(183,523)
Fund Balances at Beginning of Year	2,545,124	1,339,384	2,250,096	3,211,148
Fund Balances End of Year	$ 2,695,325	$ 686	$ 2,156,673	$ 3,027,625

See accompanying notes to the basic financial statements

Total Governmental Funds
$ 4,043,031
2,111,554
2,332,501
37,778
33,997
338,259
747,084
9,644,204
4,167,737
43,629
141,431
274,464
687,680
2,491,554
3,293,118
467,514
166,014
11,733,141
(2,088,937)
599,839
23,655
510,000
(510,000)
623,494
(1,465,443)
9,345,752
$ 7,880,309

Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds To the Statement of Activities - Modified Cash Basis For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds	$ (1,465,443)
Amounts reported for governmental activities in the statement of activities are different because	
The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund disbursements and related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service funds are allocated among the governmental activities.	
Change in Net Position - Internal Service Funds	3,166
Change in Net Position of Governmental Activities	$ (1,462,277)

See accompanying notes to the basic financial statements

Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Taxes	$ 3,330,402	$ 3,365,402	$ 3,419,400	$ 53,998
Intergovernmental Receipts	441,584	451,594	461,145	9,551
Charges for Services	1,363,069	1,363,069	1,367,042	3,973
Licenses and Permits	38,582	38,982	37,778	(1,204)
Investment Earnings	9,342	11,192	17,037	5,845
Fines and Forfeitures	269,784	256,184	280,029	23,845
All Other Receipts	164,609	148,030	168,904	20,874
Total Receipts	5,617,372	5,634,453	5,751,335	116,882
Disbursements:				
Current:				
Security of Persons and Property	3,511,233	3,525,445	3,469,279	56,166
Public Health and Welfare Services	43,632	43,632	43,629	3
General Government	2,381,100	2,412,657	2,274,619	138,038
Capital Outlay	28,720	28,720	21,399	7,321
Debt Service:				
Principal Retirement	225,371	225,371	225,371	0
Total Disbursements	6,190,056	6,235,825	6,034,297	201,528
Excess (Deficiency) of Receipts Over (Under) Disbursements	(572,684)	(601,372)	(282,962)	318,410
Other Financing Sources (Uses):				
Transfers In	255,000	966,173	966,173	0
Advances Out	0	(805,000)	(805,000)	0
Total Other Financing Sources (Uses):	255,000	161,173	161,173	0
Net Changes in Fund Balance	(317,684)	(440,199)	(121,789)	318,410
Fund Balance at Beginning of Year	2,215,651	2,215,651	2,215,651	0
Prior Year Encumbrances	124,344	124,344	124,344	0
Fund Balance at End of Year	$ 2,022,311	$ 1,899,796	$ 2,218,206	$ 318,410

See accompanying notes to the basic financial statements

Statement of Net Position – Modified Cash Basis
Proprietary Funds
December 31, 2022

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Sanitation	Storm Water
Assets:				
Current Assets:				
Pooled Cash and Investments	$ 976,901	$ 331,211	$ 201,622	$ 646,277
Restricted Assets:				
Cash and Cash Equivalents	0	327,096	0	327,096
Cash and Cash Equivalents with Fiscal Agent	0	26,735	0	26,735
Total Assets	976,901	685,042	201,622	1,000,108
Net Position:				
Restricted For:				
Debt Service	0	353,831	0	353,831
Unrestricted	976,901	331,211	201,622	646,277
Total Net Position	$ 976,901	$ 685,042	$ 201,622	$ 1,000,108

See accompanying notes to the basic financial statements

Total	Governmental Activities - Internal Service Funds
$ 2,156,011	$ 8,903
654,192	0
53,470	0
2,863,673	8,903
707,662	0
2,156,011	8,903
$ 2,863,673	$ 8,903

Statement of Receipts, Disbursements and Changes in Fund Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Sanitation	Storm Water
Operating Receipts:				
Charges for Services	$ 2,922,790	$ 1,802,860	$ 769,649	$ 895,789
Other Operating Receipts	0	0	0	0
Total Operating Receipts	2,922,790	1,802,860	769,649	895,789
Operating Disbursements:				
Personal Services	1,284,300	721,549	426,500	36,895
Contractual Services	839,825	585,217	197,042	187,458
Materials and Supplies	33,413	34,571	48,764	666
Other Operating Disbursements	9,878	0	0	0
Capital Outlay	222,767	183,965	17,623	44,425
Total Operating Disbursements	2,390,183	1,525,302	689,929	269,444
Operating Income	532,607	277,558	79,720	626,345
Nonoperating Receipts (Disbursements):				
Investment Earnings	5,694	2,565	1,291	4,242
Interest Charges	(32,414)	(155,950)	(4,883)	(164,328)
Principal Retirement	(222,821)	(244,316)	(31,966)	(290,931)
Other Nonoperating Receipts	63,133	23,866	13,347	1,386
Total Nonoperating Receipts (Disbursements)	(186,408)	(373,835)	(22,211)	(449,631)
Income (Loss) Before Transfers	346,199	(96,277)	57,509	176,714
Transfers				
Transfers In	24,146	0	0	0
Transfers Out	(22,570)	(16,072)	0	(9,159)
Total Transfers	1,576	(16,072)	0	(9,159)
Change in Net Position	347,775	(112,349)	57,509	167,555
Net Position Beginning of Year	629,126	797,391	144,113	832,553
Net Position End of Year	$ 976,901	$ 685,042	$ 201,622	$ 1,000,108

See accompanying notes to the basic financial statements

Total	Governmental Activities - Internal Service Funds
$ 6,391,088	$ 0
0	22,934
6,391,088	22,934
2,469,244	0
1,809,542	0
117,414	19,768
9,878	0
468,780	0
4,874,858	19,768
1,516,230	3,166
13,792	0
(357,575)	0
(790,034)	0
101,732	0
(1,032,085)	0
484,145	3,166
24,146	0
(47,801)	0
(23,655)	0
460,490	3,166
2,403,183	5,737
$ 2,863,673	$ 8,903

Statement of Net Position – Modified Cash Basis
Fiduciary Funds
December 31, 2022

	Custodial Fund
Assets:	
Cash and Cash Equivalents	$ 14,791
Total Assets	14,791
Net Position:	
Unrestricted	14,791
Total Net Position	$ 14,791

See accompanying notes to the basic financial statements

Statement of Changes in Net Position – Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial Fund
Additions:	
Collections of Fines and Forfeitures	
for Other Governments	$ 380,620
Total Additions	380,620
Deductions:	
Distribution of Fines and Forfeitures	
to Other Governments	382,015
Total Deductions	382,015
Change in Net Position	(1,395)
Net Position at Beginning of Year	16,186
Net Position End of Year	$ 14,791

See accompanying notes to the basic financial statements

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ironton, (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution, the laws of the State of Ohio and the City's Charter. The City is a home-rule municipal corporation operating under its own Charter. Ironton became a city on January 29, 1851 and operates under a Council/Mayor form of government.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. 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 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 otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, issuance of debt or the levying of taxes. The City reports no component units.

The City's primary government consists of all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, storm water and refuse) and other governmental services.

The City is involved with the following organizations which are defined as jointly governed organizations: Huntington-Ironton Empowerment Zone, Woodland Union Cemetery, KYOVA Interstate Planning Commission, Ohio Valley Regional Development Commission and Lawrence County Economic Development Corporation (LEDC). Additional information concerning these jointly governed organizations is presented in Note 12.

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following is a summary of the City's significant accounting policies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

The City classifies funds financed primarily by taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds.

The following are the City's major governmental funds:

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

Municipal Facility Improvements Fund - This fund is used to account for bond proceeds to be used for energy conservation improvements to various municipal buildings.

Road and Bridge Improvements Fund - This fund is used to account for bond proceeds to be used for various road and bridge improvements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

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

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

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

Storm Water Fund – This fund is used to account for the upkeep and construction of the City's storm water system.

Internal Service Funds - These funds are used to account for rotary services provided to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City does not have any trust funds. Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The City has one custodial fund, which accounts for municipal court collections that are distributed to the state and various local governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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 rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

D. Basis of Accounting

The City's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate.

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2022. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the City Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department, and object level (the legal level of control).

The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. The budgetary figures which appear on the "Statement of Receipts, Disbursements, and Changes in Fund Balances--Budget and Actual" are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance

	General Fund
Cash Basis (as reported)	$150,201
Perspective Difference-	
Budgeted Special Revenue Funds	
Reclassified as General Fund	(91,850)
Municipal Court Collections	
Recorded in General Fund	(2,368)
Encumbrances	(177,772)
Budget Basis	($121,789)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term certificates of deposit with original maturities of three months or less. Certificates of deposit with original maturities in excess of three months are considered an investment in the basic financial statements.

The City pools its cash for resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintained its own cash account. See Note 3 "Cash, Cash Equivalents and Investments."

G. Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. The City reports its investments at cost. The City allocates interest among various funds based upon applicable legal and administrative requirements. See Note 3 "Cash, Cash Equivalents and Investments."

H. Inventory and Prepaid Items

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

J. Long-Term Obligations

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position is reported as restricted when there are limitations imposed on their 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. Net position restricted for other purposes include resources restricted for recreation and economic development.

The City applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

M. Pension/OPEB

For purposes of measuring the net pension/OPEB liability, 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.

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances

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

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

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

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. 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 City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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

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

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

A bond reserve account is reported as restricted cash in the financial statements.

Q. Operating Receipts and Disbursements

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

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Municipal Facility Improvements	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
Restricted:					
Flood Wall	$0	$0	$0	$571,823	$571,823
Police and Fire Pension	0	0	0	40,755	40,755
Police Department Operations	0	0	0	78,249	78,249
Street Improvements	0	0	0	640,530	640,530
Recreation Programs	0	0	0	75,768	75,768
Drug and Alcohol Treatment	0	0	0	251,834	251,834
FEMA Programs	0	0	0	4,262	4,262
Municipal Court	0	0	0	470,557	470,557
Community Development	0	0	0	195,450	195,450
Economic Development	0	0	0	187,830	187,830
Debt Service	0	0	0	2,894	2,894
Capital Improvements	0	686	2,156,673	0	2,157,359
Total Restricted	0	686	2,156,673	2,519,952	4,677,311
Committed:					
Community Development	93,276	0	0	0	93,276
Fire Department	138,405	0	0	0	138,405
Total Committed	231,681	0	0	0	231,681
Assigned:					
Capital Improvements	0	0	0	465,743	465,743
Community Development	0	0	0	41,930	41,930
Other Purposes	827,024	0	0	0	827,024
Total Assigned	827,024	0	0	507,673	1,334,697
Unassigned (Deficits):	1,636,620	0	0	0	1,636,620
Total Fund Balances	$2,695,325	$686	$2,156,673	$3,027,625	$7,880,309

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, and government national mortgage association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
- Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- 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; and
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2022, one of the City's financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At year end the carrying amount of the City's deposits was $10,060,014 and the bank balance was $10,433,538. Federal depository insurance covered $4,610,600 of the bank balance and $5,822,938 was uninsured and collateralized with securities held by the pledging institutions trust department not in the City's name.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

B. Investments

The City's investments at December 31, 2022 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years) less than 1
US Treasury Notes/Bills	$707,662	AA+[1] /Aaa[2]	Level 1	$707,662
Total Investments	$707,662			$707,662

[1] Standard & Poor's
[2] Moody's Investor Service

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 100% are United States Treasury Notes.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

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

NOTE 4 - TAXES

A. Property Taxes

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

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

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Ironton. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for the City's operations for the year ended December 31, 2022 was $5.28 per $1,000 of assessed value. The assessed value upon which the 2022 tax collections were based was $168,492,240. This amount constitutes $156,409,530 in real property assessed value and $12,082,710 in public utility assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .528% (5.28 mills) of assessed value.

Real Estate Tax Abatements

As of December 31, 2022, the City provides tax incentives under one (1) program, the Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

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

Below is the information relevant to the disclosure of this program for the year ending December 31, 2022.

	Total Amount of Taxes Abated for the Year 2022
Community Reinvestment Area (CRA)	
Retail/Real Estate/Medical	$21,247
	$21,247

NOTE 4 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1%, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 5 – TRANSFERS AND ADVANCES

Following is a summary of transfers in and out for all funds for 2022:

Fund	Transfer In	Transfer Out
General Fund	$23,655	$0
Total Governmental Funds	23,655	0
Water Fund	24,146	22,570
Sewer Fund	0	16,072
Storm Water Fund	0	9,159
Total Proprietary Funds	24,146	47,801
Totals	$47,801	$47,801

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The Sewer Fund and Storm Water Fund transferred $14,987 and $9,159, respectively, to the Water Fund for debt service payments. The Water Fund and Sewer Fund transferred $22,570 and $1,085, respectively, to the General Fund for debt service payments.

Following is a summary of advances for all funds for 2022:

Fund	Advances In	Advances Out
General Fund	$0	$510,000
Other Governmental Funds	510,000	0
Totals	$510,000	$510,000

Advances are used to temporarily provide operating resources to funds with the expectation the resources will be repaid once monies are available in the funds receiving the advance. In 2022 the General Fund advanced $510,000 to various governmental funds to assist with cash flow.

NOTE 6 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $434,294 for 2022.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was $389,850 for 2022. In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2022, the specific liability of the City has an outstanding balance of $280,497, payable in semi-annual payments through the year 2035.

Pension Liabilities

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 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 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:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$1,699,711	$4,182,730	$5,882,441
Proportion of the Net Pension Liability-2022	0.019536%	0.066951%	
Proportion of the Net Pension Liability-2021	0.019790%	0.063857%	
Percentage Change	(0.000254%)	0.003094%	

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.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, 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.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 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 for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real estate rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	100.00 %	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
City's proportionate share of the net pension liability	$4,481,363	$1,699,711	($614,993)

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, compared with January 1, 2020, are presented below.

	January 1, 2021	January 1, 2020
Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2021 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2021 valuation, 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.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF'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 %	

* levered 2.5x

Note: Assumptions are geometric

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$6,202,930	$4,182,730	$2,500,402

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NOTE 7 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather is disclosed in the notes because of the use of the modified cash basis framework.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 7 - 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. 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 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $0 for 2022.

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. 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.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was $9,143 for 2022.

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:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	($597,740)	$733,844	$136,104
Proportion of the Net OPEB Liability (Asset)-2022	0.019084%	0.066951%	
Proportion of the Net OPEB Liability (Asset)-2021	0.019069%	0.063857%	
Percentage Change	0.000015%	0.003094%	

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. 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 percent
Prior measurement date	3.25 percent
Projected Salary Increases, Including Inflation:	
Current measurement date	2.75 to 10.75 percent
Prior measurement date	3.25 to 10.75 percent
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

For 2021, 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.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 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 Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index").

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the 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 Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	($351,527)	($597,740)	($802,101)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	($604,199)	($597,740)	($590,077)

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

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 reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.84 percent	2.96 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

NOTE 7 - DEFINED BENEFIT OPEB 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 according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

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

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

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 %	

* levered 2x
Note: Assumptions are geometric

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 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent for 2021, and 8.0 percent for 2020. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	$922,458	$733,844	$578,803

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

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 8 - DEBT

The City's debt activity and year end balances at December 31, 2022 is as follows:

			Balance December 31, 2021	Additions	(Reductions)	Balance December 31, 2022	Due Within One Year
Business-Type Activities:							
Ohio Water Development Authority Loans (OWDA):							
2.00%	Water Meter Replacement	2011	$697,273	$0	($27,821)	$669,452	$28,381
Total Ohio Water Development Authority Loans			697,273	0	(27,821)	669,452	28,381
Ohio Public Works Commission Loans (OPWC):							
0.00%	Railroad Street Sanitary Sewer	2006	20,625	0	(3,750)	16,875	3,750
0.00%	Storm Sewer Separation	2013	15,371	0	(931)	14,440	931
0.00%	Water Storage Improvement	2009	120,000	0	(15,000)	105,000	15,000
Total Ohio Public Works Commission Loans			155,996	0	(19,681)	136,315	19,681
Revenue Bonds:							
3.40%	Sewer System Improvement Refunding	2020	8,820,000	0	(340,000)	8,480,000	345,000
Total Revenue Bonds			8,820,000	0	(340,000)	8,480,000	345,000
Installment Loans:							
3.56%	Garbage Truck	2021	134,970	0	(31,966)	103,004	33,122
General Obligation Bonds:							
2.40%	Water Storage Refunding	2019	242,000	0	(119,000)	123,000	123,000
2.40%	Water Facility Improvements	2019	480,000	0	(55,000)	425,000	56,000
2.40%	Track Hoe	2019	54,000	0	(6,000)	48,000	6,000
2.35%	Storm Water Improvement	2016	390,000	0	(95,000)	295,000	95,000
2.40%	Street Sweeper	2019	218,000	0	(25,000)	193,000	26,000
3.00%	Sewer System Improvement	2019	218,162	0	(70,566)	147,596	72,699
Total General Obligation Bonds			1,602,162	0	(370,566)	1,231,596	378,699
Total Business-Type Activities			$11,410,401	$0	($790,034)	$10,620,367	$804,883
Governmental Activities:							
General Obligation Bonds:							
2.45%	Police Equipment/Vehicles	2017	$37,600	$0	($37,600)	$0	$0
1.95%	Fire House/City Center Refunding	2021	855,000	0	(161,000)	694,000	59,000
2.70%	Roadway Improvements	2021	2,281,000	0	(93,000)	2,188,000	96,000
2.65%	Energy Conservation Improvements	2021	2,715,000	0	(112,000)	2,603,000	115,000
Total General Obligation Bonds			5,888,600	0	(403,600)	5,485,000	270,000
Installment Loans:							
3.50%	Moulten Field Flood System	2017	311,944	0	(51,137)	260,807	53,417
2.50%	Skid Steer Loader	2021	67,715	0	(12,777)	54,938	13,149
Total Installment Loans			379,659	0	(63,914)	315,745	66,566
Police/Fire Accrued Pension Obligations			297,278	0	(16,781)	280,497	17,501
Total Governmental Activities			$6,565,537	$0	($484,295)	$6,081,242	$354,067

Direct Placements and Direct Borrowings – All outstanding loans and bonds of the City are the result of direct placements and direct borrowings of debt.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 8 - DEBT (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2022, follows:

	OWDA Loans		Bonds		OPWC Loans	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2023	$28,381	$13,247	$993,699	$459,665	$19,681	$0
2024	28,952	12,678	900,897	431,649	19,681	0
2025	29,533	12,095	848,000	406,264	19,681	0
2026	30,126	11,502	770,000	381,868	19,681	0
2027	30,733	10,897	792,000	359,194	17,807	0
2028-2032	163,179	44,964	4,010,000	1,438,196	34,658	0
2033-2037	180,252	27,891	4,128,000	825,528	4,658	0
2038-2042	178,296	9,032	2,754,000	175,242	468	0
Totals	$669,452	$142,306	$15,196,596	$4,477,606	$136,315	$0

	Police/Fire Accrued Pension Liability		Installment Loans	
Years	Principal	Interest	Principal	Interest
2023	$17,501	$11,737	$99,688	$12,008
2024	18,253	10,985	103,150	8,930
2025	19,037	10,201	106,770	5,701
2026	19,855	9,384	73,652	2,377
2027	20,707	8,531	35,489	400
2028-2032	117,667	28,524	0	0
2033-2037	67,477	4,307	0	0
Totals	$280,497	$83,669	$418,749	$29,416

Police and Firemen's Pension Fund - The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2022 was $364,163 in principal and interest payments through the year 2035. Only the principal amount of $280,497 is included in the Long-Term debt amount.

Moulten Field Flood System Installment Loan - Collateral for the 2017 Moulten Field Flood System installment loan consists of a certificate of deposit in the name of the City of Ironton with a December 31, 2022 current value of $1,148,950 and a hold value of $260,807 related to this loan.

NOTE 9 - LEASES

The City leases portions of a building and parking lot to the Lawrence County Port Authority (Lessee). The City received a lump sum payment of $350,424 in 2022. The lump sum payment covers the entire lease term, which is 99 years.

In addition to the one-time payment, the Lessee is required to pay a proportionate share of costs related to maintenance of a common area. The Lessee's proportionate share of maintenance cost is 24%, unless otherwise modified.

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NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

Risk Pool Membership

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities as of December 31, 2021 (the latest information available):

	2021
Cash and investments	$41,996,850
Actuarial liabilities	$14,974,099

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

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

NOTE 11 - CONTINGENCIES

The City is party to legal proceedings, with a pending contingent liability involving an intentional tort claim and a Violation of Specific Safety Regulation. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the City's financial condition.

The City received financial assistance from 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 agreement 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 adverse effect on the overall financial position of the City at December 31, 2022.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Huntington-Ironton Empowerment Zone - The Huntington-Ironton Empowerment Zone Board (EZ) is a not-for-profit corporation with private foundation status which will provide management and oversight to the Empowerment Zone projects and programs according to Internal Revenue Service regulations. The EZ Board administers Empowerment Zone Programs for the City.

The purposes of the governing foundation include:

- To organize and administer the Empowerment Zone Program using the strategic plan developed with public input as a guide;
- To insure sound fiscal management of all assets received and disbursed by the corporation;
- To foster, facilitate and direct regional cooperative efforts such as economic planning and implementation;
- To seek and administer grants, accept and distribute donations of cash, property, other gifts and bequests, and other fundraising efforts which further the charitable cause of the organization;
- To foster job development, job creation, and workforce development;
- To provide accountability of resources to funders and citizens;
- To conduct research and develop new approaches to regional economic development issues; and,
- To market and promote the Empowerment Zone Program including tax exempt bond financing and other tax incentives to potential developers and employers.

The EZ Board is comprised of a 15-member Board of Directors, which has decision-making authority. The Board members are appointed by regional entities, serve two-year terms and comprise a cross-representation of the region. Of the fifteen members:

- Four are appointed by the elected officials of the local units of government (City of Huntington, Cabell County, City of Ironton, Lawrence County) and serve at the will and pleasure of the appointing entity;
- Four are appointed by regional business and development organizations (Huntington Area Developmental Council, Lawrence Economic Development Corporation, Huntington Regional Chamber of Commerce, Greater Lawrence County Chamber of Commerce); and,
- Seven at-large members are nominated by the Nominating Committee, appointed by the Board, and are residents or other stakeholders of the Empowerment Zone.

Woodland Union Cemetery - Woodland Union Cemetery was established under Ohio Revised Code Section 517. The constitution and laws of the State of Ohio establish the rights and privileges for Woodland Union Cemetery as a body corporate and politic. The City of Ironton and Upper Township appoint a three-member Board of Trustees to direct cemetery operations. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of lots. The Cemetery is not dependent upon the City of Ironton for its continued existence.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

KYOVA Interstate Planning Commission -The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Articles 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon the City of Ironton for its continued existence.

Ohio Valley Regional Development Commission - The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon the City of Ironton for its existence.

Lawrence County Economic Development Corporation (LEDC) - The Lawrence County Economic Development Corporation is a not for profit Community Improvement Corporation formed under Chapter 1724 of the Ohio Revised Code. The LEDC was formed in 1983 and was designated as the economic development agent for the City of Ironton and Lawrence County. The goal of the agency is job creation and retention. The LEDC is administered by a Board of Trustees, composed of local elected officials and local business leaders. The LEDC is not dependent upon the City of Ironton for its existence.

NOTE 13 – SIGNIFICANT COMMITMENTS

The City had the following significant contractual commitments at December 31, 2022:

Project	Remaining Contractual Commitment
Rick Eplion Paving - Phase 1 Paving Project	$775,595
SSI - Software Upgrades	132,600
Great Lakes - GIS Coop Project	23,951
RDS Contracting - Various Demolition Improvements	8,748
IBI-Various Projects	142,612
	$1,083,506

NOTE 13 – SIGNIFICANT COMMITMENTS (Continued)

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

At December 31, 2022 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
Governmental Funds:	
General	$177,772
Road and Bridge Improvements	1,510,127
Other Governmental Funds	472,201
Total Governmental Funds	$2,160,100

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," Statement No. 91, "Conduit Debt Obligations," Statement No. 92, "Omnibus 2020," and Statement No. 93, "Replacement of Interbank Offered Rates."

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

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

NOTE 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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CITY OF IRONTON
LAWRENCE 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**	**Provided to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF TREASURY				
COVID-19 Coronvirus State and Local Fiscal Recovery Funds	21.027	N/A	$ -	$ 1,107,643
Total U.S. Department of Treasury				**1,107,643**
Total Expenditures of Federal Awards			**$ -**	**$1,107,643**

The accompanying notes are an integral part of this schedule.

CITY OF IRONTON
LAWERNCE 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 City of Ironton (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.

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

Ohio Public Employees Retirement System

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.018480%	0.018480%	0.019369%
City's proportionate share of the net pension liability (asset)	$2,178,602	$2,228,948	$3,354,908
City's covered payroll	$2,279,438	$2,250,508	$2,408,458
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.58%	99.04%	139.30%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016
City's proportion of the net pension liability (asset)	0.069064%	0.069064%	0.080443%
City's proportionate share of the net pension liability (asset)	$3,363,628	$3,577,798	$5,174,974
City's covered payroll	$1,409,147	$1,397,339	$1,622,091
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	238.70%	256.04%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.
The schedule is reported as of the fiscal date of the Net Pension Liability.
See notes to the required supplementary information

2017	2018	2019	2020	2021	2022
0.019292%	0.020080%	0.019245%	0.018902%	0.019790%	0.019536%
$4,380,882	$3,150,189	$5,270,815	$3,736,109	$2,930,468	$1,699,711
$2,492,475	$2,698,500	$2,658,629	$2,700,357	$2,836,350	$2,905,350
175.76%	116.74%	198.25%	138.36%	103.32%	58.50%
77.25%	84.66%	74.70%	82.17%	86.88%	92.62%

2017	2018	2019	2020	2021	2022
0.071812%	0.074965%	0.069033%	0.063892%	0.063857%	0.066951%
$4,548,477	$4,600,956	$5,634,917	$4,304,120	$4,353,175	$4,182,730
$1,524,281	$1,553,130	$1,549,748	$1,502,239	$1,573,077	$1,718,084
298.40%	296.24%	363.60%	286.51%	276.73%	243.45%
68.36%	70.91%	63.07%	69.89%	70.65%	75.03%

Schedule of City Pension Contributions
Last Ten Years

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
Contractually required contribution	$296,327	$270,061	$289,015	$299,097
Contributions in relation to the contractually required contribution	296,327	270,061	289,015	299,097
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$2,279,438	$2,250,508	$2,408,458	$2,492,475
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
Contractually required contribution	$243,158	$298,759	$346,333	$325,914
Contributions in relation to the contractually required contribution	243,158	298,759	346,333	325,914
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,409,147	$1,397,339	$1,622,091	$1,524,281
Contributions as a percentage of covered payroll	17.26%	21.38%	21.35%	21.38%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.
See notes to the required supplementary information

2017	2018	2019	2020	2021	2022
$350,805	$372,208	$378,050	$397,089	$406,749	$434,294
350,805	372,208	378,050	397,089	406,749	434,294
$0	$0	$0	$0	$0	$0
$2,698,500	$2,658,629	$2,700,357	$2,836,350	$2,905,350	$3,102,100
13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2017	2018	2019	2020	2021	2022
$331,978	$331,250	$321,029	$336,207	$365,990	$389,850
331,978	331,250	321,029	336,207	365,990	389,850
$0	$0	$0	$0	$0	$0
$1,553,130	$1,549,748	$1,502,239	$1,573,077	$1,718,084	$1,828,617
21.37%	21.37%	21.37%	21.37%	21.30%	21.32%

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

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.018960%	0.019652%	0.018654%
City's proportionate share of the net OPEB liability (asset)	$1,915,033	$2,134,087	$2,432,041
City's covered payroll	$2,492,475	$2,698,500	$2,658,629
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.83%	79.08%	91.48%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.071812%	0.074965%	0.069033%
City's proportionate share of the net OPEB liability (asset)	$3,408,737	$4,247,426	$628,651
City's covered payroll	$1,524,281	$1,553,130	$1,549,748
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	223.63%	273.48%	40.56%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2017 is not available.
The schedule is reported as of the fiscal date of the Net OPEB Liability.
See notes to the required supplementary information

2020	2021	2022
0.018213%	0.019069%	0.019084%
$2,515,688	($339,729)	($597,740)
$2,700,357	$2,836,350	$2,905,350
93.16%	(11.98%)	(20.57%)
47.80%	115.57%	128.23%

2020	2021	2022
0.063892%	0.063857%	0.066951%
$631,110	$676,573	$733,844
$1,502,239	$1,573,077	$1,718,084
42.01%	43.01%	42.71%
47.08%	45.42%	46.86%

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

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
Contractually required contribution	$22,794	$45,010	$48,169	$49,850
Contributions in relation to the contractually required contribution	22,794	45,010	48,169	49,850
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$2,279,438	$2,250,508	$2,408,458	$2,492,475
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
Contractually required contribution	$46,891	$6,987	$8,110	$7,621
Contributions in relation to the contractually required contribution	46,891	6,987	8,110	7,621
Contribution deficiency (excess)	$0	$0	$0	$0
City's covered payroll	$1,409,147	$1,397,339	$1,622,091	$1,524,281
Contributions as a percentage of covered payroll	3.33%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.
Information prior to 2013 is not available.
See notes to the required supplementary information

2017	2018	2019	2020	2021	2022
$26,985	$0	$0	$0	$0	$0
26,985	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$2,698,500	$2,658,629	$2,700,357	$2,836,350	$2,905,350	$3,102,100
1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2017	2018	2019	2020	2021	2022
$7,766	$7,749	$7,511	$7,865	$8,590	$9,143
7,766	7,749	7,511	7,865	8,590	9,143
$0	$0	$0	$0	$0	$0
$1,553,130	$1,549,748	$1,502,239	$1,573,077	$1,718,084	$1,828,617
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

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

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

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

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

Notes to Other Information
For the Year Ended December 31, 2022

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

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

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Notes to Other Information
For the Year Ended December 31, 2022

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Changes in assumptions:

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

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

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

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

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

Notes to Other Information
For the Year Ended December 31, 2022

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

2020 - 2022: There were no changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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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 Ironton
Lawrence County
301 South Third Street
P.O. Box 704
Ironton, Ohio 45638

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence 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 July 25, 2023, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles. We also 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-002.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This 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

July 25, 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 Ironton
Lawrence County
301 South Third Street
Ironton, Ohio 45638

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Ironton's, Lawrence County, (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 Ironton's major federal program for the year ended December 31, 2022. City of Ironton's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Ironton 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
July 25, 2023

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SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	COVID 19 Coronavirus State and Local Fiscal Recovery Funds - Federal AL # 21.027
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2022-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issues guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

FINDING NUMBER 2022-001
(Continued)

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code §117.38, requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the City may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response :

Finance Director will strive to comply in accordance with the ORC for filing upon availability of financial resources.

FINDING NUMBER 2022-002

Noncompliance

Ohio Rev. Code §§ 5705.14-16 state no transfer can be made from one fund of a subdivision to any other fund, unless it meets one of the exceptions as outlined within these sections.

The City transferred $711,173 of American Rescue Plan Act monies from the ARPA Fund into the General Fund for revenue loss for government services. Although this was an allowable cost for this grant, it was not allowable to post as a transfer. This caused noncompliance with the aforementioned sections of the Ohio Rev. Code.

We recommend the City follow all guidance provided by the US Treasury and Auditor of State's office for how to properly reallocate funding if allowable to another fund.

Officials' Response :

We solicited advice from our intermediary on how to utilize these funds. We thought that we were doing it correctly, per the information that was provided. In the future, we will only solicit guidance from the State Auditors.

FINDING NUMBER 2022-003

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In order to achieve proper financial reporting, all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the City Finance Director and the City Council and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

During 2022, the Finance Department identified an error in a posting of expenditures and corrected this error with an adjusting entry to their accounting system. However, during the correction process, they inadvertently doubled the correcting entry, causing a misclassification of expenditures as follows:

$6,115 of Capital Outlay expenditures in the Road and Bridge Improvement Fund was overstated while causing an understatement in the same amount to Capital Outlay in the Sewer Fund.

This resulted in an audit adjustment to the financial statements. Also, a fund balance adjustment has been posted to the City's accounting system to correct this error.

To ensure the City's financial statements and notes to the financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and footnotes by the City Finance Director and City Council to identify and correct errors and omissions.

Officials' Response :

The only way that we could have initially found this error was by doing a review of the statements. Currently, our system does not use a debit/credit method for correction of entries, but rather a debit/negative debit and credit/negative credit method. The error was corrected in our review. However, in making the entry, the number was mis-keyed…prompting the audit adjustment. We will strive to not make key-entry mistakes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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The City of Ironton
"Overlooking The Beautiful Ohio River"
JOHN W. ELAM, Finance Director
Ironton City Center • 301 S. 3rd St. • P.O. Box 704 • Ironton, OH 45638
Phone: (740) 533-0439 • Fax: (740) 533-6104 • Email: jelam@ironton-ohio.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03 – Financial statements not prepared following generally accepted accounting principles.	Not corrected	See Finding Number 2022-001.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2022

Finding Number:	2022-001
Planned Corrective Action:	The City does not plan to change the way they report on an OCBOA basis.
Anticipated Completion Date:	September 30, 2023
Responsible Contact Person:	John Elam, Finance Director

Finding Number:	2022-002
Planned Corrective Action:	The City will not make any transfers unallowed by Ohio Revised Code in the future.
Anticipated Completion Date:	September 30, 2023
Responsible Contact Person:	John Elam, Finance Director

Finding Number:	2022-003
Planned Corrective Action:	The City corrected posting in the system and will strive to ensure this does not happen again.
Anticipated Completion Date:	September 30, 2023
Responsible Contact Person:	John Elam, Finance Director

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF IRONTON

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/8/2023

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