bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WASHINGTON COURT HOUSE
FAYETTE COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

City Council
City of Washington Court House
105 North Main Street
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditor's Report* of the City of Washington Court House, Fayette County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2023

This page intentionally left blank.

City of Washington Court House
Table of Contents
For the Year Ended December 31, 2022

This page intentionally left blank.

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

City of Washington Court House
Fayette County
105 North Main Street
Washington Court House, Ohio 43160

To the Members of City Council:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Court House, Fayette County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Income Tax Levy Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

September 28, 2023

The discussion and analysis of the City of Washington Court House's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader to understand our performance.

Financial Highlights

Some of the City's financial highlights for the year ended December 31, 2022 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $38,165,971.
- The City's total net position increased during the year by $3,009,160, or 9%.
- Total unrestricted net position deficit of $3,109,966 was primarily attributable to the City recognizing its proportionate share of net pension and OPEB liabilities under state-wide multiple employer retirement plans under GASB Statement Nos. 68 and 75.
- The City's total expenses were $19,763,977, an increase of $3,682,822, primarily due to changes in net OPEB liabilities.
- Program revenues of $8,743,797 reduced the net cost of the City's functions to be financed from the City's general revenues to $11,020,180.
- The City's unassigned fund balance of the General Fund totaled $1,413,523 at year end, or 18% of General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Washington Court House's basic financial statements. The City of Washington Court House's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) required supplementary schedules on pensions and OPEB.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses. The statement of net position presents information on all of the City's assets and deferred outflows of resources and the City's liabilities and deferred inflows of resources, with the difference between the two groups reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the recent fiscal year.

Both of the government-wide financial statements distinguish functions of the City of Washington Court House that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, transportation, community environment, public health and leisure time activities. The business-type activities include water and sewer operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. However, the City establishes many other funds to help control and manage money for particular purposes or to show that the City is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements use the modified accrual basis of accounting and provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information may be useful in evaluating a government's near term financing requirements. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation which follows the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Income Tax Levy Fund and Permanent Improvement Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds- The City uses enterprise funds to account for its water and sewer operations. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities using the full accrual basis of accounting. The enterprise funds are used to report the same activities presented as business-type activities in the government-wide financial statements.

Fiduciary Funds- Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

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

Government-Wide Financial Statements

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions.

The statement of net position and the statement of activities include all assets, liabilities, deferred outflows and inflows of resources using the full accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

Table 1 provides a summary of the City's net position for 2022 compared to 2021:

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	*Restated* 2021	2022	*Restated* 2021
Assets:						
Current and Other Assets	$ 14,947,216	$ 14,545,894	$ 7,134,554	$ 4,851,578	$ 22,081,770	$ 19,397,472
Capital Assets, Net	11,305,254	11,552,568	85,996,212	76,114,258	97,301,466	87,666,826
Total Assets	26,252,470	26,098,462	93,130,766	80,965,836	119,383,236	107,064,298
Deferred outflow of resources	3,770,007	3,189,318	339,116	371,812	4,109,123	3,561,130
Liabilities:						
Current and Other Liabilities	1,261,242	1,117,121	1,005,145	1,949,806	2,266,387	3,066,927
Long-Term Liabilities:						
Due Within One Year	1,306,823	1,236,195	57,345	58,955	1,364,168	1,295,150
Due in More than One Year:						
Net Pension Liability	7,253,878	9,462,652	670,689	1,442,919	7,924,567	10,905,571
Net OPEB Liability	1,024,902	1,019,470	-	-	1,024,902	1,019,470
Other Long-Term Amounts	6,908,607	7,636,562	57,868,214	45,518,683	64,776,821	53,155,245
Total Liabilities	17,755,452	20,472,000	59,601,393	48,970,363	77,356,845	69,442,363
Deferred inflow of resources	6,689,096	4,894,185	1,280,447	1,132,069	7,969,543	6,026,254
Net Position:						
Net investment in capital assets	4,976,479	4,338,589	28,195,504	30,664,621	33,171,983	35,003,210
Restricted	8,103,954	7,412,746	-	-	8,103,954	7,412,746
Unrestricted (deficit)	(7,502,504)	(7,829,740)	4,392,538	570,595	(3,109,966)	(7,259,145)
Total Net Position	$ 5,577,929	$ 3,921,595	$ 32,588,042	$ 31,235,216	$ 38,165,971	$ 35,156,811

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

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

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB asset and liability to equal the City's proportionate share of each plan's collective:

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

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

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

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

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

Total assets increased by $12,318,938, or 12%. The majority of the increase occurred in capital assets, with the wastewater treatment plant project in progress during the year. The increase in current and other assets was primarily due to increases in cash balances, due to positive operating cash flows.

Meanwhile, total liabilities increased by $7,914,482, or 11%. The increase in long-term liabilities was driven by continued project draws from an Ohio Water Development Authority (OWDA) loan for the ongoing wastewater treatment plant project. The increases were partially offset by a decrease in the net pension liabilities. The decrease is primarily attributable to increases in the investment portfolio used to support pension liabilities. This also contributed in a corresponding increase in deferred inflows of resources, as the difference between projected and actual investment earnings are deferred and recognized over five years.

As noted earlier, the City's net position, when reviewed over time, may serve as a useful indicator of the City's financial position. By far, the largest portion of the City's net position ($33,171,983 of the total $38,165,971) reflects its investments in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that are still outstanding and related deferred outflows of resources. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to restrictions on how they can be used. The remaining balance was a deficit of $3,109,966 that is attributable to the recognition of the City's proportionate share of net pension and OPEB liabilities reported in accordance with under GASB Statement Nos. 68 and 75. If the net pension and OPEB asset and liabilities and related deferrals were excluded, the unrestricted net position reported by the City would be a positive $7,700,103. As the operation of the state-wide retirement systems are outside the control of the City and varies significantly from year to year based on the performance of investments, it's important to acknowledge the significant recognition of the net pension and OPEB liabilities has on the City's reported net position.

The City's total net position increased from $35,156,811 in 2021 to $38,165,971 in 2022, a change of $3,009,160 or 9%.

In order to further understand what makes up the changes in net position for the current year, Table 2 gives readers further details regarding the results of activities for 2021 and 2022.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	*Restated* 2021	2022	*Restated* 2021
Revenues:						
Program Revenues:						
Charges for Services	$ 773,882	$ 895,425	$ 6,259,344	$ 6,106,207	$ 7,033,226	$ 7,001,632
Operating Grants/Contributions	251,076	503,365	625,457	-	876,533	503,365
Capital Grants/Contributions	834,038	903,650	-	-	834,038	903,650
General Revenues:						
Municipal Income Taxes	9,895,960	10,059,876	-	-	9,895,960	10,059,876
Property and Other Taxes	557,606	556,519	-	-	557,606	556,519
Payment in Lieu of Taxes	1,092,358	1,121,240	-	-	1,092,358	1,121,240
Grants and Entitlements	1,970,396	1,040,991	-	-	1,970,396	1,040,991
Investment Earnings	5,791	(50,053)	9,273	3,112	15,064	(46,941)
Other	416,023	203,259	81,933	60,474	497,956	263,733
Total Revenues	15,797,130	15,234,272	6,976,007	6,169,793	22,773,137	21,404,065
Program Expenses:						
Security of Persons & Property	5,162,251	4,842,749	-	-	5,162,251	4,842,749
Public Health Services	357,928	269,594	-	-	357,928	269,594
Leisure Time Activities	69,673	60,631	-	-	69,673	60,631
Community Environment	2,314,037	1,818,784	-	-	2,314,037	1,818,784
Transportation	1,777,944	1,292,282	-	-	1,777,944	1,292,282
General Government	4,273,792	2,782,861	-	-	4,273,792	2,782,861
Interest and Fiscal Charges	185,171	267,833	-	-	185,171	267,833
Water	-	-	2,615,650	1,741,420	2,615,650	1,741,420
Sewer	-	-	3,007,531	3,005,001	3,007,531	3,005,001
Total Expenses	14,140,796	11,334,734	5,623,181	4,746,421	19,763,977	16,081,155
Change in Net Position	1,656,334	3,899,538	1,352,826	1,423,372	3,009,160	5,322,910
Net Position, beginning of year	3,921,595	22,057	31,235,216	29,811,844	35,156,811	29,833,901
Net Position, end of year	$ 5,577,929	$ 3,921,595	$ 32,588,042	$ 31,235,216	$ 38,165,971	$ 35,156,811

Governmental Activities

The most significant program expenses for the City are Security of Persons and Property, General Government, Transportation, and Community Environment. These programs account for 96% of the total governmental activities. Security of Persons and Property, which accounts for 37% of the total, represents costs associated with the operation of the Police Department and costs associated with providing firefighting and emergency medical services. General Government, which accounts for 30% of the total, represents costs associated with the general administration of city government, including the City Council, City Manager, City Auditor and Municipal Court. Transportation, which accounts for 13% of the total, represents costs associated with streets and their upkeep. Community Environment, which accounts for 16% of the total, represents costs associated with developing and improving the downtown.

Funding for the most significant programs indicated is from income taxes, property taxes and payments in lieu of taxes, and intergovernmental revenue. The income tax revenue for 2022 was $9,895,960. Of the $15,797,130 in total revenues, income tax accounts for 63%. The property tax revenue and payments in lieu of property taxes for 2022 was $1,649,964 or 10% of total revenues. The intergovernmental revenue for 2022 was $1,970,396 or 12% of total revenue.

Total governmental activities revenue increased by 562,858, or 4%. The increase was primarily driven by the receipt of second tranche of funding from the Federal American Rescue Plan Act (ARPA) to mitigate the impact from the pandemic.

Total governmental activities' expenses increased by approximately $2.8 million, or 25%. The recognition of its proportionate share of state retirement systems' pension and OPEB assets and liabilities, and the annual changes, continue to have a significant impact on the City's financial results, despite being outside the control of City management. In the prior year, the Ohio Public Employees Retirement System (OPERS) made changes to the base allowances and eligibility for Medicare retirees, as well as replacing the self-insured medical plans for non-Medicare retirees with monthly allowances. This resulted in $1.5 million more in OPEB expenses being recognized, with $0.3 million in *negative* OPEB expenses being reported in 2022, compared to $1.8 million in *negative* OPEB expenses in 2021.

Table 3 for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by income and property tax revenues and unrestricted intergovernmental revenue.

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Security of persons and property	$ 5,162,251	$ 5,039,892	$ 4,842,749	$ 4,715,882
Public health services	357,928	252,177	269,594	149,314
Leisure time activities	69,673	69,673	60,631	60,631
Community environment	2,314,037	2,309,750	1,818,784	1,626,487
Transportation	1,777,944	943,826	1,292,282	390,392
General government	4,273,792	3,481,311	2,782,861	1,821,755
Interest on long-term debt	185,171	185,171	267,833	267,833
Total Expenses	$ 14,140,796	$ 12,281,800	$ 11,334,734	$ 9,032,294

It should be noted that only 13% of the costs of services for governmental activities are derived from program revenues including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of $12,281,800, the majority of the City's programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes and property taxes.

Business-Type Activities

The City's major business-type activities include water and sewer operations. The Water Fund's operating income for 2022 was $225,163, a decrease from the prior year of $802,108. The Sewer Fund had operating income of $966,002, a decrease over prior year of $245,171. These funds were analyzed in more detail under Proprietary Funds section below.

Financial Analysis of the City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting.

The General Fund is the chief operating fund. At the end of 2022, the total fund balance for the General Fund was $2,285,471, of which $1,413,523 was unassigned. During the current year, the fund balance of the City's General Fund decreased by $612,128, or by 21%. Total revenue increased by 6%, while total expenditures increased by 13%. The biggest drivers for the decrease in fund balance were increases in public safety expenditures, due to increased personnel and having more of these costs paid from the General Fund versus the Income Tax Levy Fund, and general government expenditures, driven by increases in income tax refunds.

The Income Tax Levy Fund accounts for the majority of the collections from the 0.5% additional income tax rate that went into effect on January 1, 2016 (4% of the 0.5% income tax rate is dedicated for economic development and accounted for in a separate economic development fund). The Fund ended the year with a fund balance of $1,058,847 to be used for public safety, cemetery operations and street infrastructure. The increase in fund balance was due an uptick in income taxes, due to the rebounding local economy, and electing to utilize the General Fund more for public safety personnel costs, as discussed above.

The Permanent Improvement Fund experienced a decrease in fund balance of $180,027, primarily due to an increase in street paving projects and purchase of vehicles, including a new street sweeper.

Proprietary Funds

The City's major proprietary funds are the Water Fund and the Sewer Fund. The City provides water and sewer services to City residents. Net position in the Water Fund increased by $856,152, or 7%. Net position in the Sewer Fund increased by $496,674, or 3%. The increase in revenues was due to increase in rates. The increase in expenses was due to less negative OPEB expenses, as previously discussed.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund.

The original and final budgeted revenues were $6,718,465 and $7,245,201, respectively, an increase of 8%. The City increased the revenue budget in anticipation of charging the utility funds for overhead reimbursements. Actual revenues were $67,233 higher from the final budget. Due to better than anticipated income tax collections, the City elected not to charge the utility funds for overhead reimbursements from the utility funds.

The original and final budgeted expenditures were $8,082,496 and $8,837,496, respectively, an increase of 9%, to cover more public safety costs in the General Fund instead of the Income Tax Levy Fund, and increased legal expenses associated with a joint economic development district being created for the anticipated new Honda plant. Actual expenditures were $7,905,491, $932,005 less than the final budget due to conservative budgeting.

Capital Assets and Debt Administration

The City's net investment in capital assets for governmental and business-type activities as of December 31, 2022, amounts to $33,171,983 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress.

Total capital assets for governmental activities of the City of Washington Court House for the year 2022 were $11,305,254, or $247,314 lower than in 2021, primarily due to depreciation expense exceeding additions. The City purchase several public safety and street vehicles, constructed a new recreational splash pad, and purchased public safety computer software.

The increase in capital assets for business-type activities of $9,881,953 to $85,996,212 as of December 31, 2022 was due to continued work on the new wastewater plan improvements, offset by annual depreciation expense.

Additional information concerning the City's capital assets can be found in Note 6 of the notes to the basic financial statements.

As of December 31, 2022, the City had $63,870,128 (excluding premiums) in bonds, lease-purchase and loans outstanding, with $996,090 due within one year. During 2022, the City continued to draw on its $65.7 million loan with the OWDA for the wastewater treatment plant project.

Outstanding general obligation bonds consist of street, safety building, fire equipment, real estate, and wastewater treatment plant improvement issues. General obligation bonds are direct obligations of the City for which its full faith, and credit are pledged.

Additional information concerning the City's debt can be found in Note 8 of the notes to the basic financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office, 105 N. Main Street, Washington C.H., Ohio 43160.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and investments	$ 9,139,752	$ 5,873,318	$ 15,013,070
Cash in segregated accounts	29,881	-	29,881
Receivables:			
Property taxes	550,142	-	550,142
Income taxes	2,421,924	-	2,421,924
Payment in lieu of taxes	1,149,000	-	1,149,000
Accounts	16,109	670,481	686,590
Loans, net	49,324	-	49,324
Intergovernmental	736,439	184,173	920,612
Special assessments	107,239	103,184	210,423
Prepaid items	32,280	110,852	143,132
Supplies inventory	103,845	86,599	190,444
Internal balances	125,000	(125,000)	-
Net OPEB asset	486,281	230,947	717,228
Nondepreciable capital assets	1,511,469	58,504,660	60,016,129
Depreciable capital assets, net	9,793,785	27,491,552	37,285,337
Total assets	26,252,470	93,130,766	119,383,236
Deferred Outflows of Resources			
Deferred charges on refunding	333,408	-	333,408
Pensions	2,722,279	323,067	3,045,346
OPEB	714,320	16,049	730,369
Total deferred outflows of resources	3,770,007	339,116	4,109,123
Liabilities			
Accounts payable	276,769	938,593	1,215,362
Accrued wages payable	147,582	42,613	190,195
Intergovernmental payable	113,607	23,939	137,546
Unearned revenue	702,611	-	702,611
Accrued interest payable	20,673	-	20,673
Noncurrent liabilities:			
Due within one year	1,306,823	57,345	1,364,168
Due in more than one year:			
Net pension liability	7,253,878	670,689	7,924,567
Net OPEB liability	1,024,902	-	1,024,902
Other amounts due in more than one year	6,908,607	57,868,214	64,776,821
Total liabilities	17,755,452	59,601,393	77,356,845
Deferred Inflows of Resources			
Property taxes and payment in lieu taxes	1,616,000	-	1,616,000
Pensions	4,145,244	1,014,249	5,159,493
OPEB	927,852	266,198	1,194,050
Total deferred inflows of resources	6,689,096	1,280,447	7,969,543
Net Position			
Net investment in capital assets	4,976,479	28,195,504	33,171,983
Restricted for:			
Capital projects	3,060,617	-	3,060,617
Debt service	1,228,206	-	1,228,206
Cemetery operations	757,217	-	757,217
Public safety	1,532,442	-	1,532,442
Streets	847,724	-	847,724
Other purposes	677,748	-	677,748
Unrestricted (deficit)	(7,502,504)	4,392,538	(3,109,966)
Total net position	$ 5,577,929	$ 32,588,042	$ 38,165,971

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Activities
Year Ended December 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Security of persons and property	$ 5,162,251	$ -	$ 122,359	$ -	$ (5,039,892)	$ -	$ (5,039,892)
Public health services	357,928	105,751	-	-	(252,177)	-	(252,177)
Leisure time activities	69,673	-	-	-	(69,673)	-	(69,673)
Community environment	2,314,037	-	4,287	-	(2,309,750)	-	(2,309,750)
Transportation	1,777,944	80	-	834,038	(943,826)	-	(943,826)
General government	4,273,792	668,051	124,430	-	(3,481,311)	-	(3,481,311)
Interest on long-term debt	185,171	-	-	-	(185,171)	-	(185,171)
Total governmental activities	14,140,796	773,882	251,076	834,038	(12,281,800)	-	(12,281,800)
Business-type activities:							
Water	2,615,650	2,783,540	625,457	-	-	793,347	793,347
Sewer	3,007,531	3,475,804	-	-	-	468,273	468,273
Total business-type activities	5,623,181	6,259,344	625,457	-	-	1,261,620	1,261,620
Total	$ 19,763,977	$ 7,033,226	$ 876,533	$ 834,038	(12,281,800)	1,261,620	(11,020,180)
General revenues:							
Taxes:							
Income taxes					9,895,960	-	9,895,960
Property taxes					557,606	-	557,606
Payment in lieu of taxes					1,092,358	-	1,092,358
Grants and contributions not restricted to specific programs					1,970,396	-	1,970,396
Investment earnings					5,791	9,273	15,064
Miscellaneous					416,023	81,933	497,956
Total general revenues					13,938,134	91,206	14,029,340
Change in net position					1,656,334	1,352,826	3,009,160
Net position beginning of year, *restated*					3,921,595	31,235,216	35,156,811
Net position end of year					$ 5,577,929	$ 32,588,042	$ 38,165,971

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Income Tax Levy	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 1,917,680	$ 924,533	$ 910,124	$ 5,387,415	$ 9,139,752
Cash in segregated accounts	20,449	-	-	9,432	29,881
Receivables:					
Property taxes	401,710	-	-	148,432	550,142
Income taxes	1,229,672	610,339	309,335	272,578	2,421,924
Payment in lieu of taxes	-	-	-	1,149,000	1,149,000
Accounts	13,822	-	-	2,287	16,109
Loans, net	-	-	-	49,324	49,324
Intergovernmental	259,701	-	52,980	423,758	736,439
Special assessments	107,239	-	-	-	107,239
Advances to other funds	125,856	-	-	-	125,856
Prepaid items	28,391	-	-	3,889	32,280
Supplies inventory	-	-	-	103,845	103,845
Total assets	$ 4,104,520	$ 1,534,872	$ 1,272,439	$ 7,549,960	$ 14,461,791
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts payable	$ 97,643	$ 12,146	$ 143,870	$ 23,110	$ 276,769
Accrued wages payable	92,979	41,314	-	13,289	147,582
Intergovernmental payable	102,334	3,835	-	7,438	113,607
Advances from other funds	-	-	-	856	856
Unearned revenue	-	-	-	702,611	702,611
Total liabilities	292,956	57,295	143,870	747,304	1,241,425
Deferred Inflows of Resources:					
Property taxes and payment in lieu taxes	341,000	-	-	1,275,000	1,616,000
Unavailable revenue	1,185,093	418,730	212,223	538,509	2,354,555
Total deferred inflows of resources	1,526,093	418,730	212,223	1,813,509	3,970,555
Fund Balances:					
Nonspendable	166,258	-	-	107,734	273,992
Restricted	-	1,058,847	916,346	4,855,420	6,830,613
Committed	-	-	-	42,590	42,590
Assigned	705,690	-	-	221	705,911
Unassigned	1,413,523	-	-	(16,818)	1,396,705
Total fund balances	2,285,471	1,058,847	916,346	4,989,147	9,249,811
Total liabilities, deferred inflows of resources and fund balances	$ 4,104,520	$ 1,534,872	$ 1,272,439	$ 7,549,960	$ 14,461,791

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022

Total governmental fund balances	$	9,249,811
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		11,305,254
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds:		
Income taxes receivable		1,661,589
Intergovernmental and other receivables		609,824
Delinquent property taxes		83,142
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds		(5,158,000)
Unamortized bond premiums		(592,763)
Lease-purchase agreement		(208,610)
Compensated absences		(1,553,247)
Accrued interest on long-term debt		(20,673)
OPWC loans		(702,810)
Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.		333,408
The net pension and OPEB liabilities are not due and payable in the current period; the net OPEB asset is not available to pay for current-period expenditures; therefore the asset, liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pension		2,722,279
Deferred inflows - pension		(4,145,244)
Net pension liability		(7,253,878)
Deferred outflows - OPEB		714,320
Deferred inflows - OPEB		(927,852)
Net OPEB asset		486,281
Net OPEB liability		(1,024,902)
Net position of governmental activities	$	5,577,929

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022

	General Fund	Income Tax Levy	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 386,087	$ -	$ -	$ 120,643	$ 506,730
Municipal income taxes	5,059,491	2,495,615	1,272,450	1,121,424	9,948,980
Intergovernmental	722,685	-	-	2,043,082	2,765,767
Charges for services	367,573	-	-	105,751	473,324
Fines, licenses and permits	355,396	-	-	205,752	561,148
Interest	602	4,952	-	237	5,791
Payment in lieu of taxes	-	-	-	1,092,358	1,092,358
Contributions and donations	-	-	-	4,287	4,287
Other	329,740	14,817	60,455	60,638	465,650
Total revenues	7,221,574	2,515,384	1,332,905	4,754,172	15,824,035
Expenditures:					
Current:					
Security of persons and property	3,394,753	1,490,282	-	345	4,885,380
Public health services	-	319,389	-	133,185	452,574
Leisure time activities	8,994	-	-	-	8,994
Community environment	833,532	-	-	809,928	1,643,460
Transportation	-	199,535	-	932,529	1,132,064
General government	3,565,086	-	-	1,446,427	5,011,513
Capital outlay	-	-	1,518,997	2,000	1,520,997
Debt service:					
Principal retirement	15,000	-	103,540	859,550	978,090
Interest and fiscal charges	16,337	-	9,218	189,065	214,620
Total expenditures	7,833,702	2,009,206	1,631,755	4,373,029	15,847,692
Excess (deficiency) of revenues over (under) expenditures	(612,128)	506,178	(298,850)	381,143	(23,657)
Other financing sources:					
Issuance of loans	-	-	118,823	-	118,823
Net change in fund balance	(612,128)	506,178	(180,027)	381,143	95,166
Fund balance, beginning of year	2,897,599	552,669	1,096,373	4,608,004	9,154,645
Fund balance, end of year	$ 2,285,471	$ 1,058,847	$ 916,346	$ 4,989,147	$ 9,249,811

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Net change in fund balances - total governmental funds		$ 95,166
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	631,489	
Depreciation expense	(878,803)	(247,314)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Income taxes receivable	(53,020)	
Intergovernmental and other receivables	(24,761)	
Delinquent property taxes	50,876	(26,905)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated absences	(261,217)	
Interest on long-term debt	3,512	
Change in deferred loss on refunding	(33,340)	
Change in bond premiums	59,277	(231,768)
Repayment of bond, note, and lease-purchase principal is an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.		978,090
The issuance loans are recorded as other financing sources in the governmental funds, but are used to adjust loans payable on the statement of net position.		(118,823)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension		950,303
OPEB		15,140
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and changes in net OPEB asset and liability are reported as pension and OPEB expense in the statement of activities:		
Pension		(19,546)
OPEB		261,991
Change in net position of governmental activities		$ 1,656,334

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	$ 416,000	$ 416,000	436,299	$ 20,299
Municipal income taxes	4,545,000	4,545,000	5,070,552	525,552
Intergovernmental	614,025	614,025	662,083	48,058
Charges for services	373,100	373,100	367,573	(5,527)
Fines, licenses and permits	260,000	260,000	360,404	100,404
Interest	50,000	50,000	99,570	49,570
Other	460,340	987,076	315,953	(671,123)
Total revenues	6,718,465	7,245,201	7,312,434	67,233
Expenditures:				
Current:				
Security of persons and property	3,517,647	3,782,647	3,402,894	379,753
Public health services	35,000	35,000	-	35,000
Leisure time activities	23,600	23,600	8,994	14,606
Community environment	970,871	987,871	806,533	181,338
General government	3,504,041	3,977,041	3,655,733	321,308
Debt service:				
Principal retirement	15,000	15,000	15,000	-
Interest and fiscal charges	16,337	16,337	16,337	-
Total expenditures	8,082,496	8,837,496	7,905,491	932,005
Net change in fund balance	(1,364,031)	(1,592,295)	(593,057)	$ 999,238
Fund balance, beginning of year	2,392,426	2,392,426	2,392,426	
Prior year encumbrances appropriated	104,515	104,515	104,515	
Fund balance, end of year	$1,132,910	$ 904,646	$ 1,903,884	

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budget (Non-GAAP) Basis
Income Tax Levy Fund
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	$2,150,000	$2,150,000	$ 2,494,959	$ 344,959
Other	4,200	4,200	19,769	15,569
Total revenues	2,154,200	2,154,200	2,514,728	360,528
Expenditures:				
Current:				
Security of persons and property	1,609,450	1,609,450	1,497,896	111,554
Public health services	361,712	366,712	318,894	47,818
Transportation	235,312	235,312	207,631	27,681
General government	37,000	84,500	-	84,500
Total expenditures	2,243,474	2,295,974	2,024,421	271,553
Net change in fund balance	(89,274)	(141,774)	490,307	$ 632,081
Fund balance, beginning of year	423,824	423,824	423,824	
Prior year encumbrances appropriated	2,312	2,312	2,312	
Fund balance, end of year	$ 336,862	$ 284,362	$ 916,443	

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Net Position
Proprietary Funds
December 31, 2022

	Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Fund	Totals
Assets				
Current assets:				
Equity in pooled cash and investments	$ 1,864,573	$ 4,008,606	$ 139	$ 5,873,318
Receivables:				
Accounts	300,740	369,741	-	670,481
Special assessments	36,430	66,754	-	103,184
Intergovernmental	184,173	-	-	184,173
Advances to other funds	-	458,528	-	458,528
Prepaid items	55,336	55,516	-	110,852
Supplies inventory	86,599	-	-	86,599
Total current assets	2,527,851	4,959,145	139	7,487,135
Noncurrent assets:				
Net OPEB assets	113,322	117,625	-	230,947
Nondepreciable capital assets	936,721	57,567,939	-	58,504,660
Depreciable capital assets, net	11,966,544	15,525,008	-	27,491,552
Total noncurrent assets	13,016,587	73,210,572	-	86,227,159
Total assets	15,544,438	78,169,717	139	93,714,294
Deferred outflows of resources				
Pensions	158,366	164,701	-	323,067
OPEB	7,874	8,175	-	16,049
Total deferred outflows of resources	166,240	172,876	-	339,116
Liabilities				
Current liabilities:				
Accounts payable	440,338	498,255	-	938,593
Accrued wages payable	21,734	20,879	-	42,613
Intergovernmental payable	10,194	13,745	-	23,939
Advances from other funds	583,528	-	-	583,528
Compensated absences payable	30,512	26,833	-	57,345
Total current liabilities	1,086,306	559,712	-	1,646,018
Noncurrent liabilities:				
Compensated absences payable	14,400	53,106	-	67,506
Loans payable	-	57,800,708	-	57,800,708
Net pension liability	329,096	341,593	-	670,689
Total noncurrent liabilities	343,496	58,195,407	-	58,538,903
Total liabilities	1,429,802	58,755,119	-	60,184,921
Deferred Inflows of Resources				
Pensions	497,675	516,574	-	1,014,249
OPEB	130,619	135,579	-	266,198
Total deferred inflows of resources	628,294	652,153	-	1,280,447
Net Position				
Net investment in capital assets	12,903,265	15,292,239	-	28,195,504
Unrestricted	749,317	3,643,082	139	4,392,538
Total net position	$ 13,652,582	$ 18,935,321	$ 139	$ 32,588,042

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Fund	Totals
Operating revenues:				
Charges for services	$ 2,783,540	$ 3,475,804	$ -	$ 6,259,344
Other	57,273	24,660	-	81,933
Total operating revenues	2,840,813	3,500,464	-	6,341,277
Operating expenses:				
Personnel services	830,815	820,295	-	1,651,110
Contractual services	917,577	795,927	-	1,713,504
Supplies and materials	491,574	326,051	-	817,625
Other	49,994	67,554	-	117,548
Depreciation	325,690	524,635	-	850,325
Total operating expenses	2,615,650	2,534,462	-	5,150,112
Operating income	225,163	966,002	-	1,191,165
Non-operating revenues (expenses):				
Investment earnings	5,532	3,741	-	9,273
Interest expense and fiscal charges	-	(473,069)	-	(473,069)
Intergovernmental revenue	625,457	-	-	625,457
Total non-operating revenues (expenses)	630,989	(469,328)	-	161,661
Change in net position	856,152	496,674	- -	1,352,826
Net position, beginning of year, *restated*	12,796,430	18,438,647	139	31,235,216
Net position, end of year	$ 13,652,582	$ 18,935,321	$ 139	$ 32,588,042

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Fund	Totals
Cash flows from operating activities:				
Cash received from customers	$ 2,794,073	$ 3,456,949	$ -	$ 6,251,022
Cash payments for employee services and benefits	(1,159,410)	(1,140,023)	-	(2,299,433)
Cash payments to suppliers for goods and services	(1,030,422)	(1,080,740)	-	(2,111,162)
Cash payments for other operating expenses	(49,994)	(67,554)	-	(117,548)
Cash received from other operating revenue	57,273	24,660	-	81,933
Net cash from operating activities	611,520	1,193,292	-	1,804,812
Cash flows from noncapital financing activities:				
Intergovernmental revenue	441,284	-	-	441,284
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(241,408)	(11,881,108)	-	(12,122,516)
Proceeds from loan draws	-	12,351,071	-	12,351,071
Interest paid on loans	-	(473,069)	-	(473,069)
Net cash from capital and related financing activities	(241,408)	(3,106)	-	(244,514)
Cash flows from investing activities:			-	
Interest	5,532	3,741	-	9,273
Net change	816,928	1,193,927	-	2,010,855
Cash and pooled investments beginning of year	1,047,645	2,814,679	139	3,862,463
Cash and pooled investments end of year	$ 1,864,573	$ 4,008,606	$ 139	$ 5,873,318
Reconciliation of operating income to net cash from operating activities:				
Operating income	$ 225,163	$ 966,002	$ -	$ 1,191,165
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	325,690	524,635	-	850,325
Changes in assets, liabilities and deferred outflows and inflows:				
Receivables	10,533	(18,855)	-	(8,322)
Prepaid items	(7,550)	181	-	(7,369)
Supplies inventory	(6,242)	-	-	(6,242)
Accounts payable	392,521	41,057	-	433,578
Accrued wages	6,364	6,045	-	12,409
Intergovernmental payable	(1,031)	620	-	(411)
Compensated absences payable	(17,897)	14,747	-	(3,150)
Deferred outflows - pensions and OPEB	15,892	16,804	-	32,696
Deferred inflows - pensions and OPEB	75,899	72,479	-	148,378
Net pension and OPEB liabilities and assets	(407,822)	(430,423)	-	(838,245)
Net cash from operating activities	$ 611,520	$ 1,193,292	$ -	$ 1,804,812
Schedule of non-cash capital and related financing activities:				
Capital assets from outstanding liabilities	$ -	$ 435,277		

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

		Custodial Funds
Assets		
Equity in pooled cash and cash equivalents	$	3,730
Cash in segregated accounts		22,841
Income taxes receivable		1,014
Total assets		27,585
Liabilities		
Intergovernmental payable		4,744
Net Position		
Restricted for other governments and individuals	$	22,841

See accompanying notes.

CITY OF WASHINGTON COURT HOUSE, OHIO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2022

	Custodial Funds
Additions:	
Collection of fines, licenses and permits	$ 866,038
Income taxes	4,237
Total additions	$ 870,275
Deductions:	
Distributions to other governments and individuals	877,084
Change in net position	(6,809)
Net position, beginning of year	29,650
Net position, end of year	$ 22,841

See accompanying notes.

NOTE 1 - DESCRIPTION OF THE ENTITY

The City of Washington Court House (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a city manager form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and other governmental services. In addition, the City provides basic utilities in the form of water services and wastewater treatment.

As required by generally accepted accounting principles, the basic financial statements present the City of Washington Court House (the primary government) and any component units. The City considered potential component units for inclusion in the financial statements. In determining whether to include a government department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City. The City included no component units in the financial statements.

The City is associated with Carnegie Public Library, which is defined as a related organization (Note 13).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Fund Accounting

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

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

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

- ***Income Tax Levy Fund*** – The Income Tax Levy Fund is used to account for the 0.5% voted income tax levy passed in 2015 restricted for maintaining and operating cemeteries, maintaining fire protection, police protection, detention facilities, emergency medical services, general construction, and reconstruction, resurfacing and repairing street roads and bridges.

- ***Permanent Improvement Fund*** – The Permanent Improvement Fund is used to account for income taxes, grants, and loan proceeds used for various improvements of the City.

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

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

Proprietary funds: Proprietary fund reporting focuses on changes in net position, financial position and cash flows. The City's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

- ***Water Fund*** – This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

- ***Sewer Fund*** – This fund accounts for the provision of sanitary sewer treatment to residential and commercial users located within the City.

Fiduciary funds: Fiduciary fund reporting focuses on changes in net position and financial position. The City has two custodial funds. The City's custodial funds account for assets that are held pending determination of their disposition from Municipal Court operations and income tax collections from the joint economic development district created with Jefferson Township.

Measurement Focus

Governmental-wide financial statements: The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund financial statements: All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

The fiduciary fund is reported using the economic resources measurement focus.

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Deferred Outflows and Inflows of Resources

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized until that time. For the City, deferred inflows of resources include property taxes and payments in lieu of taxes, unavailable revenue, pension and OPEB. Property taxes and payments in lieu of taxes represent amounts that are measurable as of December 31, 2022, but are intended to finance 2023 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after year-end). The deferred inflows of resources related to pension and OPEB are reported on the government-wide and proprietary fund statements of net position (see Notes 9 and 10).

Expenses/Expenditures

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

Budgetary Accounting and Control

Under Ohio law, City Council must adopt an appropriations budget by January 1st of a given year or adopt a temporary appropriation measure with final passage of a permanent budget by April 1st, for all funds except Agency Funds. Budgets are adopted for each organizational unit by fund.

Each City department prepares a budget which is approved by City Council. All modifications made throughout the year to the original department budgets must be requested by the departmental management and approved through legal resolution by City Council, except in the travel transportation, materials and supplies, and contractual services and miscellaneous or other expenditure categories of each department.

Several budget modifications and supplemental appropriations were made during the year and each revised budget amount reported in the budget to actual comparisons includes all modifications and supplemental appropriations that were necessary.

The City maintains budgetary control by fund, department and object level. Ordinance does not permit expenditures and encumbrances to exceed appropriations for each fund. Unencumbered and unexpended appropriations lapse at year-end in all budgeted funds. Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the original and revised budget amounts shown in the budget-to-actual comparisons.

The City's budgetary process accounts for certain transactions on a budgetary basis instead of a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget basis) as opposed to when susceptible to accrual (GAAP basis), and expenditures are recorded when paid (budget basis) as opposed to when incurred (GAAP basis). Additionally, the City reflects outstanding encumbrances at year-end as expenditures on the budgetary basis.

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

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified, or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final reflects the amounts in the final amended official certificate of estimated resources issued during 2022.

Reconciliation of Budget Basis to GAAP Basis

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

The Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual - Budget (Non-GAAP Basis) is presented for the General Fund and Income Tax Levy Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
(b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
(c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP).

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and Income Tax Levy Fund:

		General Fund	Income Tax Levy
Net change in fund balance - GAAP Basis	$	(612,128)	506,178
Increase / (decrease):			
Due to revenues		90,860	(656)
Due to expenditures		52,271	(7,125)
Due to encumbrances		(124,060)	(8,090)
Net change in fund balance - Budget Basis	$	(593,057)	490,307

Cash and Investments

Cash and investments of the City's funds, except those held in restricted asset accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2022, the City's funds were invested in brokered certificates of deposit, money market accounts, the State Treasury Assets Reserve of Ohio (STAR Ohio), U.S. Treasury securities, U.S. agencies securities and HH bonds. For purposes of the statement of cash flows, the enterprise funds' portion of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from the enterprise funds without prior notice or penalty.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2022, which approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

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

Receivables

Receivables at December 31, 2022 consist of property and income taxes, payments in lieu of taxes, consumer accounts (billings for user charged services, included unbilled utility services), loans, special assessments and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full, except as noted below, including accounts receivables which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Loans receivable in the Nonmajor Governmental Funds represent low interest loans made by the City for community development projects and small businesses under the Community Development Block Grants (CDBG) program. The loans bear interest at annual rates ranging from 2 to 6 percent. The loans are to be repaid over periods ranging from 10 to 20 years. The City maintained an allowance at December 31, 2022 of $20,415 for doubtful collections.

Supplies Inventories

Supplies inventories are presented at cost on a first-in, first-out basis and are expensed when used. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when consumed.

Prepaid Items

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of two hundred dollars. The City's infrastructure consists of streets, traffic signals, flood wall, park lighting, and water and sewer lines, valves and meters.

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

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized. All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Machinery and Equipment	8 - 20 years
Vehicles	3 - 5 years
Infrastructure	25 years

Compensated Absences

The City follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

The entire compensated absences liability is reported on the government-wide financial statements. In governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignation or retirement. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability on the fund financial statements.

Accrued Liabilities and Long-Term Obligations

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

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

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

Pensions and OPEB

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

Operating Revenues and Expenses

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

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers within governmental activities and within business type activities are eliminated on the government-wide statement of activities. Receivables and payables resulting from interfund loans are classified as “advances to/from other funds”. These amounts are eliminated on the government-wide statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Fund Balances

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

> ***Nonspendable*** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted into cash.
>
> ***Restricted*** **–** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council.

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

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

Fund Balance Deficit

At December 31, 2022, a nonmajor governmental fund had a deficit fund balance of $16,818. The deficit was created by the application of GAAP. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Net Position

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted for other purposes represents balances of State and Federal grants in Special Revenue Funds. Of the City's $8,103,954 restricted net position, none is restricted by enabling legislation.

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

Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

(1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
(3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily and that the term of the agreement must not exceed thirty days;
(4) Bonds and other obligations of the State of Ohio;
(5) No-load money market funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreement secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
(6) The State Treasury Assets Reserve of Ohio (STAR Ohio).

NOTE 3 - DEPOSITS AND INVESTMENTS – ***continued***

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

(1) Bonds of the State of Ohio;
(2) Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is not default of principal, interest or coupons; and
(3) Obligations of the City.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements,* and amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the State Treasurer's Office, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of all the public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the City's deposits was \$8,063,671 and the bank balance was \$8,209,551. The City's bank balance was covered by FDIC and collateralized with securities held by the pledging financial institution's trust department or agent, respectively.

NOTE 3 - DEPOSITS AND INVESTMENTS – ***continued***

Investments: The City's investments at December 31, 2022 are summarized as follows:

	Balance at 12/31/22	Average Weighted Maturity (Yrs.)	Concentration	S&P Rating
Fair Value				
Level 1				
U.S. Treasuries	$ 122,226	0.50	1.7%	n/a
Series HH Bonds	4,000	n/a	0.1%	n/a
Level 2				
Brokered CD's	2,586,562	1.60	36.9%	n/a
U.S. Agency Securities	433,828	1.18	6.2%	AA+
	3,146,616			
Amortized Cost				
Money markets	265,309	0.20	3.8%	AAAm
STAR Ohio	3,593,926	0.09	51.3%	AAAm
Total	$7,005,851		100.0%	

Credit Risk: It is the City's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality of the top 2 ratings by nationally recognized statistical rating organizations. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment securities are registered in the name of the City. The City's investment policy does not address custodial credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments classified under Level 1 are valued using quoted market prices. Investments classified under Level 2 of the fair value hierarchy are valued using broker quotes that utilize observable market inputs.

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022 on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property current is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes, which became a lien December 31, 2021 are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The Fayette County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Washington Court House. The County Auditor periodically remits to the City its portion of the taxes collected. The assessed value upon which the 2022 taxes were collected was $273,264,300. The full tax rate for all City operations applied for real property for fiscal year ended December 31, 2022 was $2.30 per $1,000 of assessed valuation. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Accrued property taxes receivable represents delinquent taxes outstanding and real tangible personal and public utility taxes which were measurable as of December 31, 2022. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2022 operations. The receivable is therefore offset by a credit to deferred inflows of resources.

NOTE 5 - INCOME TAX

The City levies a municipal income tax of 1.45% on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are used for general fund operations, permanent improvements, and the safety building, as determined by the Council.

Beginning on January 1, 2016, the income tax rate increased to 1.95%, after the voters approved an additional 0.5% income tax for purposes of maintaining and operating cemeteries, maintaining fire protection, police protection, detention facilities, emergency medical services, general construction, reconstruction, resurfacing and repairing streets, roads and bridges. Additionally, 4% of the 0.5% increase is restricted for economic development and is accounted for in an economic development fund. The remaining 96% of the 0.5% increase is accounted for in an income tax levy fund.

NOTE 6 - CAPITAL ASSETS

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

	Balance 1/1/22	Additions	Deletions	Balance 12/31/22
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 1,511,469	$ -	$ -	$ 1,511,469
Depreciable Capital Assets:				
Land Improvements	861,391	195,000	-	1,056,391
Buildings and Improvements	9,158,193	-	-	9,158,193
Equipment and Vehicles	7,257,122	436,489	-	7,693,611
Infrastructure	52,018,146	-	-	52,018,146
Total Depreciable Capital Assets	69,294,852	631,489	-	69,926,341
Accumulated Depreciation:				
Land Improvements	(655,939)	(83,271)	-	(739,210)
Buildings and Improvements	(2,840,918)	(204,164)	-	(3,045,082)
Equipment and Vehicles	(5,650,367)	(276,477)	-	(5,926,844)
Infrastructure	(50,106,529)	(314,891)	-	(50,421,420)
Total Accumulated Depreciation	(59,253,753)	(878,803)	-	(60,132,556)
Total Govt Activities Capital Assets, Net	$ 11,552,568	$ (247,314)	$ -	$ 11,305,254

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	$ 345,206
Leisure Time Activities	60,679
Public Health	12,480
Transportation	437,515
General Government	22,923
Total Depreciation Expense	$ 878,803

NOTE 6 - CAPITAL ASSETS - *continued*

	Restated Balance 1/1/22	Additions	Deletions	Balance 12/31/22
Business Type Activities:				
Nondepreciable Capital Assets:				
Land	$ 1,198,935	$ -	$ -	$ 1,198,935
Construction in progress	46,814,854	10,490,871	-	57,305,725
Total Nondepreciable Capital Assets	48,013,789	10,490,871	-	58,504,660
Depreciable Capital Assets:				
Land Improvements	659,819	-	-	659,819
Buildings and Improvements	26,565,018	162,445	-	26,727,463
Equipment and Vehicles	3,465,436	78,963	-	3,544,399
Infrastructure	24,343,600	-	-	24,343,600
Total Depreciable Capital Assets	55,033,873	241,408	-	55,275,281
Accumulated Depreciation:				
Land Improvements	(643,653)	(1,197)	-	(644,850)
Buildings and Improvements	(12,790,116)	(445,538)	-	(13,235,654)
Equipment and Vehicles	(3,048,212)	(66,377)	-	(3,114,589)
Infrastructure	(10,451,423)	(337,213)	-	(10,788,636)
Total Accumulated Depreciation	(26,933,404)	(850,325)	-	(27,783,729)
Total Bus. Activities Capital Assets, Net	$ 76,114,258	$ 9,881,954	$ -	$ 85,996,212

Depreciation expense was charged to segments as follows:

Water	$ 325,690
Sewer	524,635
Total Depreciation Expense	$ 850,325

NOTE 7 - INTERFUND TRANSACTIONS

The City created an advance of $687,798 between the Sewer and Water Funds to have the Water Fund repay revenue that should have been recorded in the Sewer Fund. The loan will be repaid over fifteen years beginning in 2017. The advance balance at December 31, 2022 was $458,528.

In 2019, the General Fund advanced $500,000 to the Water Fund for water system projects. The loan will be repaid over four years beginning in 2020. In 2022, the General Fund advanced $856 to a nonmajor governmental fund. The total advance balance at December 31, 2022 was $125,856.

Repayment of these advances was paused during 2021 and 2022 due to staffing transitions. Repayment will recommence in 2023.

NOTE 8 - LONG-TERM LIABILITIES

The changes in the City's long-term liabilities for the year ended December 31, 2022 were as follows:

	Balance at 1/1/22	Issued	Retired	Balance at 12/31/22	Amount Due Within One Year
Governmental Activities:					
Various Purpose 2016					
Refunding GO Bonds:					
Note Refinancing	$ 700,000	$ -	$ (115,000)	$ 585,000	$ 125,000
Safety Services	2,230,000	-	(525,000)	1,705,000	525,000
Tax Increment Financing	1,720,000	-	(150,000)	1,570,000	160,000
Premium on Series 2016	652,040	-	(59,277)	592,763	-
Direct Placement:					
Real Estate Acquisition					
2019 GO Bonds	420,000	-	(15,000)	405,000	15,000
Various Purpose 2021 Refunding	1,000,000	-	(107,000)	893,000	105,000
Lease Purchases	257,317	-	(48,707)	208,610	48,707
Direct Borrowing:					
OPWC Loans	601,370	118,823	(17,383)	702,810	17,383
Compensated Absences Payable	1,292,030	791,102	(529,885)	1,553,247	310,733
Total Governmental Activities	$ 8,872,757	$ 909,925	$ (1,567,252)	$ 8,215,430	$ 1,306,823

On April 27, 2016, the City issued $8,400,000 in various purpose refunding general obligation bonds. The proceeds of the issue were used to advance refund $8,475,000 in Series 2007 various purpose general obligation bonds. The interest rate on the Series 2016 bonds ranges from 2.0% to 4.0% and will fully mature in 2032.

On May 24, 2019, the City issued $450,000 in direct placement real estate acquisition bonds. The proceeds were used to finance the purchase of land near an industrial park for future use of access and development. The interest rate on the Series 2019 bonds is 3.89% and will fully mature in 2039.

On September 23, 2021, the City issued $1,135,000 in direct placement refunding bonds. The proceeds were used to refund the Series 2011 various purpose general obligation bonds. The interest rate on the Series 2021 bonds is 1.22% and will fully mature in 2030.

On June 29, 2016, the City entered into a direct borrowing lease-purchase agreement to finance the purchase of a fire pumper truck in the amount of $487,000. The interest rate on this agreement is 3.158% and will fully mature in 2026.

The City periodically receives interest-free direct borrowing loans from the Ohio Public Works Commission (OPWC). In 2009, the OPWC issued a loan of $238,172 for traffic signal upgrades that will be repaid in 2032. In 2014, the OPWC issued a loan of $622,450 for Leesburg Avenue reconstruction that will be repaid in 2044. Due to the Leesburg Avenue project being completed under budget, the City received a credit from OPWC on the loan that was applied as a loan forgiveness payment during 2017. In 2018, the OPWC approved a loan of up to $1,022,286 for Washington Avenue reconstruction. As of December 31, 2022, $454,610 has been drawn.

NOTE 8 - LONG-TERM LIABILITIES – *continued*

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged. The general obligation bonds payable, lease-purchase agreement and OPWC loans will be paid from the Permanent Improvement Fund, the Safety Building Improvement Fund, and various TIF Funds.

Compensated absences will be paid by the fund which primarily pays the employee's salary. There are no repayment schedules for the net pension and OPEB liabilities; however, employer pension and OPEB contributions are also paid by the fund which primarily pays the employee's salary. For additional information related to the net pension and OPEB liabilities, see Notes 9 and 10.

	Balance at 1/1/22	Issued	Retired	Balance at 12/31/22	Amount Due Within One Year
Business Type Activities:					
Direct Borrowing:					
OWDA Sewer Loan 8663	$ 45,449,637	$ 12,351,071	$ -	$ 57,800,708	$ -
Compensated Absences Payable	128,001	98,841	(101,991)	124,851	57,345
Total Business Type Activities	$ 45,577,638	$ 12,449,912	$ (101,991)	$ 57,925,559	$ 57,345

The City received a $66,450,217 Ohio Water Development Authority (OWDA) direct borrowing loan to finance wastewater treatment improvement project. During 2022, work continued on the project, and as of December 31, 2022, $57,800,708 has been drawn on the loan. The interest rate on this loan when work is completed will be 0.92%.

In connection with this OWDA loan, the City has pledged future customer revenues of the Sewer Fund, net of specified operating expenses and net of debt service requirements on revenue bonds (which have first priority and a lien on net income available for debt service), to repay this debt. The loan will be payable, through its final maturity, from net revenues applicable to the Sewer Fund.

Principal and interest requirements to retire the City's governmental activities' outstanding bonds, lease-purchase and loans as of December 31, 2022, are as follows:

			Direct Placement		*Direct Borrowing*		
	General Obligation Bonds		General Obligation Bonds		Lease-Purchase		OPWC
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2023	810,000	154,400	120,000	26,650	50,048	5,743	$ 17,383
2024	850,000	122,000	132,000	24,785	51,426	4,365	17,383
2025	875,000	88,000	130,000	22,640	52,841	2,950	17,383
2026	280,000	53,000	128,000	20,520	54,295	1,495	17,382
2027	295,000	41,800	133,000	18,425	-	-	17,383
2028-2032	750,000	92,600	460,000	60,374	-	-	86,910
2033-2037	-	-	135,000	28,009	-	-	33,323
2038-2042	-	-	60,000	3,501	-	-	27,369
2043-2046	-	-	-	-	-	-	13,684
Total	$ 3,860,000	$ 551,800	$ 1,298,000	$ 204,904	$ 208,610	$ 14,553	$ 248,200

NOTE 8 - LONG-TERM LIABILITIES – ***continued***

The OPWC loan amortization excludes the Washington Avenue reconstruction loan balance, since the project is ongoing. It will be included once the loan project is completed, and the loan amortization is finalized.

The OWDA loan for the wastewater treatment improvement project is ongoing. The principal and interest requirements will be presented once the project is completed and the loan amortization is finalized.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

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-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. While members (e.g., City employees) may elect the member-directed plan and the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five year 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 5 years of service credit or Age 55 with 25 years of service credit	*Age and Service Requirements:* Age 60 with 5 years 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 9 - 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.

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% 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%.

Funding Policy—The 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%	12.0%	13.0%**
2022 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits	*	*	*
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

** This rate is determined by OPERS' Board and has no maximum rate established by ORC. For 2022, the rate was 0% for the Traditional Pension Plan, 0% from January 1, 2022 to June 30, 2022 and 2% from July 1, 2022 to December 31, 2022 for the Combined Plan, and 4% for the Member-Directed Plan.*
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.*

For 2022, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $586,593 for 2022. Of this amount, $75,869 is reported as an intergovernmental payable.

NOTE 9 - DEFINED BENEFIT PENSION PLANS – ***continued***

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

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – ***continued***

Funding Policy—The 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 OP&F was $545,254 for 2022. Of this amount, $58,918 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 Net Pension Liability	$ 2,082,887	$ 5,841,680	$ 7,924,567
Proportion of Net Pension Liability	0.02394%	0.09351%	
Change in Proportion	-0.00541%	-0.00271%	
Pension Expense	$ (666,022)	$ 408,040	$ (257,982)

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 106,183	$ 168,440	$ 274,623
Change in assumptions	260,463	1,067,609	1,328,072
Change in proportionate share and difference in employer contributions	72,867	237,937	310,804
City contributions subsequent to the measurement date	586,593	545,254	1,131,847
	$ 1,026,106	$ 2,019,240	$ 3,045,346
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 45,683	$ 303,688	$ 349,371
Net differences between projected and actual investment earnings	2,477,519	1,531,599	4,009,118
Change in proportionate share and difference in employer contributions	626,639	174,365	801,004
	$ 3,149,841	$ 2,009,652	$ 5,159,493

$1,131,847 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2023	$ (701,712)	$ 71,623	$ (630,089)
2024	(1,031,935)	(386,733)	(1,418,668)
2025	(582,565)	(167,812)	(750,377)
2026	(394,116)	(147,057)	(541,173)
2027	-	94,313	94,313
	$ (2,710,328)	$ (535,666)	$ (3,245,994)

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

Actuarial Assumptions – OPERS

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

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

Wage inflation:	
Current measurement period	2.75%
Prior measurement period	3.25%
Future salary increases (including inflation):	
Current measurement period	2.75% to 10.75%
Prior measurement period	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2022, then 2.05% simple
Investment rate of return:	
Current measurement period	6.90%
Prior measurement period	7.20%
Actuarial cost method	Individual entry age

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – ***continued***

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – ***continued***

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following chart represents the City's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	1% Decrease (5.9%)	Current Discount Rate of 6.9%	1% Increase (7.9%)
City's proportionate share of the net pension liability/(asset)	$ 5,491,879	$ 2,082,887	$ (753,670)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below:

Valuation date	January 1, 2021 with actuarial liabilities rolled forward to December 31, 2021
Actuarial cost method	Entry age normal
Investment rate of return:	
Current measurement period	7.50%
Prior measurement period	8.00%
Projected salary increases	3.75% to 10.50%
Payroll growth	2.75% plus productivity increase rate of 0.5%
Inflation assumptions	2.75%
Cost of living adjustments	2.2% simple per year.

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

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 pension plan investments was determine 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 average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.00%
Domestic equity	21.0%	3.60%
Non-U.S. equity	14.0%	4.40%
Private markets	8.0%	6.80%
Core fixed income*	23.0%	1.10%
High yield fixed income	7.0%	3.00%
Private credit	5.0%	4.50%
U.S. inflation linked bonds*	17.0%	0.80%
Midstream energy infrastructure	5.0%	5.00%
Real assets	8.0%	5.90%
Gold	5.0%	2.40%
Private real estate	12.0%	4.80%
	125.0%	

*Note: Assumptions are geometric. * Levered 2x*

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

Discount Rate. The total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using a discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate of 7.5%	1% Increase (8.5%)
City's proportionate share of the net pension liability	$ 8,663,130	$ 5,841,680	$ 3,492,109

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

The net OPEB liability/(asset) represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trends 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 annual required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS – *continued*

Plan Description—Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit 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 Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' 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 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% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

NOTE 10 - 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0% during calendar year 2022. For the Combined Plan, the portion of the employer contributions allocated to health care was 0% from January 1, 2022 to June 30, 2022, and was 2% from July 1, 2022 to December 31, 2022.

As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2023 remains at 0% for the Traditional Pension Plan and 2% for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%

The City's contractually required contributions to OPERS Member-Directed Plan OPEB was $3,016 for 2022.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B premiums to retirees, qualifying benefit recipients and their eligible dependents.

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the 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 Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS – *continued*

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

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

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

The City's contractually required contribution to OP&F was $13,057 for 2022.

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

The net OPEB (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 respective retirement systems relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of Net OPEB Liability/(Asset)	$ (717,228)	$ 1,024,902	$ 307,674
Proportion of Net OPEB Liability/(Asset)	0.02290%	0.09351%	
Change in Proportion	-0.00498%	-0.00271%	
OPEB Expense	$ (591,857)	$ 121,836	$ (470,021)

NOTE 10 - DEFINED BENEFIT OPEB PLANS – ***continued***

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ -	$ 46,624	$ 46,624
Change in assumptions	-	453,652	453,652
Change in proportionate share and difference in employer contributions	46,943	167,077	214,020
City contributions subsequent to the measurement date	3,016	13,057	16,073
	$ 49,959	$ 680,410	$ 730,369
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 108,793	$ 135,454	$ 244,247
Net differences between projected and actual investment earnings	341,924	92,583	434,507
Change in assumptions	290,326	119,037	409,363
Change in proportionate share and difference in employer contributions	85,658	20,275	105,933
	$ 826,701	$ 367,349	$ 1,194,050

$16,073 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase of the new OPEB asset in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2023	$ (463,758)	$ 90,907	$ (372,851)
2024	(192,185)	77,162	(115,023)
2025	(74,709)	78,493	3,784
2026	(49,106)	12,110	(36,996)
2027	-	22,693	22,693
Thereafter	-	18,639	18,639
	$ (779,758)	$ 300,004	$ (479,754)

NOTE 10 - DEFINED BENEFIT OPEB PLANS – ***continued***

Actuarial Assumptions—OPERS

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

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

Wage inflation:	
Current measurement period	2.75%
Prior measurement period	3.25%
Projected salary increases:	
Current measurement period	2.75% to 10.75%, including wage inflation
Prior measurement period	3.25% to 10.75%, including wage inflation
Single discount rate:	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	1.84%
Prior measurement period	2.00%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2034
Prior measurement period	8.5% initial, 3.50% ultimate in 2035
Actuarial cost method	Individual entry age

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS – *continued*

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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

Discount Rate. A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate.

NOTE 10 - DEFINED BENEFIT OPEB PLANS – *continued*

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 actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00%, as well as what the City's proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0% point lower (5.00%) or 1.0% point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate of 6.00%	1% Increase (7.00%)
City's proportionate share of the net OPEB (asset)	$ (421,818)	$ (717,228)	$ (962,487)

Sensitivity of the City's Proportionate Share of the Net OPEB (Asset) to Changes in the Health Care Cost Trend Rate. Changes in the health care cost trend rate may also have a significant impact on the net OPEB (asset). The following table presents the net OPEB (asset) calculated using the assumed trend rates, and the expected net OPEB (asset) if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% 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%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	$ (725,014)	$ (717,228)	$ (708,068)

NOTE 10 - 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 retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Actuarial valuation date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial cost method	Entry age normal
Investment rate of return:	
Current measurement period	7.5%
Prior measurement period	8.0%
Projected salary increases	3.75% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement period	2.84%
Prior measurement period	2.96%
Municipal bond rate:	
Current measurement period	2.05%
Prior measurement period	2.12%
Cost of living adjustments	2.2% simple per year

NOTE 10 - 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%.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalent	0.0%	0.00%
Domestic equity	21.0%	3.60%
Non-U.S. equity	14.0%	4.40%
Private markets	8.0%	6.80%
Core fixed income*	23.0%	1.10%
High yield fixed income	7.0%	3.00%
Private credit	5.0%	4.50%
U.S. inflation linked bonds*	17.0%	0.80%
Midstream energy infrastructure	5.0%	5.00%
Real assets	8.0%	5.90%
Gold	5.0%	2.40%
Private real estate	12.0%	4.80%
Total	125.00%	

*Note: Assumptions are geometric. * Levered 2x*

NOTE 10 - DEFINED BENEFIT OPEB PLANS – ***continued***

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

Discount Rate. Total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 was blended with the long-term rate of 7.5%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.84%) and 1% point higher (3.84%) than the current discount rate.

	1% Decrease (1.84%)	Current Discount Rate of 2.84%	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	$ 1,288,325	$ 1,024,902	$ 808,368

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

In accordance with GASB Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Accumulated Unpaid Vacation
City employees earn vacation leave at varying rates based upon length of service. Vacation leave may accumulate up to a maximum of two years for non-salaried employees and three years for salaried employees. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

NOTE 11 - OTHER EMPLOYEE BENEFITS – ***continued***

Accumulated Unpaid Sick Leave
City employees earn sick leave at varying rates based upon length of. City employees who have ten years of service who have sick leave accumulated, receive payment upon retirement at a rate of one hour for each hour of accumulated and unused sick leave, to a maximum of 960 hours.

A liability has been recognized in the accompanying financial statements for a portion of the sick leave hours of those employees who have ten years of service and are age 50 or older, or have eighteen years with local government employment as well as other employees who are expected to become eligible in the future to receive such payments.

Health Care Benefits

The City has elected to provide employee medical/surgical and prescription drug benefits through United Healthcare. The employees share the cost of the monthly premium with the City.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the City contracted with various commercial carriers for property, auto, crime, and liability insurance as well as public official bonds.

The City maintains comprehensive insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Worker's compensation benefits are provided through the State Bureau of Workers' Compensation. The City pays all public officials' bonds by statute.

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 13 - RELATED ORGANIZATION

The Carnegie Public Library is a related organization of the City. The City is not financially accountable for this fiscally independent organization. The imposition of will or financial benefit/burden relationship criteria set forth by GASB does not apply and the City's accountability is limited to the appointment of all members to the governing board of the Library.

NOTE 14 - CONTINGENT LIABILITIES

Litigation

The City is of the opinion that ultimate disposition of any claims and legal proceedings will not have material effect on the financial condition of the City.

Federal and State Grants

The City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes all expenditures meet grant qualifications.

Asset Retirement Obligations

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio Environmental Protection Agency (EPA) for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment system and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City does not have an approved permit from the Ohio EPA to dispose of all or part of their sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant, the City had determined that the amount of the asset retirement obligation cannot be reasonably estimated.

NOTE 15 - COMMITMENTS

As discussed previously, encumbrance 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 outstanding was as follows:

General Fund	$	124,060
Income Tax Levy		8,090
Permanent Improvement		35,877
Nonmajor Governmental Funds		339,446
	$	507,473

NOTE 16 - FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed 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 nonmajor governmental funds are presented below:

Fund Balances	General Fund	Income Tax Levy	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaids	$ 28,391	$ -	$ -	$ 3,889	$ 32,280
Advances to other funds	125,856	-	-	-	125,856
Unclaimed funds	12,011	-	-	-	12,011
Inventory	-	-	-	103,845	103,845
Total Nonspendable	166,258	-	-	107,734	273,992
Restricted for					
Police	-	467,920	-	100,628	568,548
Fire	-	381,523	-	89,415	470,938
Streets	-	28,563	-	498,635	527,198
Cemetery	-	180,841	-	502,612	683,453
Economic development	-	-	-	123,989	123,989
Community development	-	-	-	95,913	95,913
Municipal court	-	-	-	295,458	295,458
Debt service	-	-	113,737	965,363	1,079,100
Capital projects	-	-	802,609	2,045,785	2,848,394
Other purposes	-	-	-	137,622	137,622
Total Restricted	-	1,058,847	916,346	4,855,420	6,830,613
Committed to					
Bridge maintenance	-	-	-	42,590	42,590
Assigned to					
Budget resource	679,273	-	-	-	679,273
Other	26,417	-	-	221	26,638
Total Assigned	705,690	-	-	221	705,911
Unassigned	1,413,523	-	-	(16,818)	1,396,705
Total Fund Balance	$ 2,285,471	$ 1,058,847	$ 916,346	$ 4,989,147	$ 9,249,811

NOTE 17 - RESTATEMENT

During 2022, the City determined that sewer fund capital assets were overstated by $814,232. The effect of the restatement on net position is as follows:

	Sewer	Business-Type Activities
Net Position at December 31, 2021	$ 19,252,879	$ 32,049,448
Capital asset adjustments	(814,232)	(814,232)
Restated net position at December 31, 2021	$ 18,438,647	$ 31,235,216

REQUIRED SUPPLEMENTARY INFORMATION

Page intentionally left blank.

CITY OF WASHINGTON COURT HOUSE, OHIO
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Year (1) (2)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.03009%	$ 3,547,573	$ 3,422,746	103.65%	86.36%
2015	0.03009%	3,629,552	3,689,433	98.38%	86.45%
2016	0.02842%	4,922,327	3,541,017	139.01%	81.08%
2017	0.02659%	6,037,915	3,443,633	175.34%	77.25%
2018	0.02674%	4,194,879	3,445,492	121.75%	84.66%
2019	0.02803%	7,676,135	3,784,257	202.84%	74.70%
2020	0.02777%	5,489,106	3,860,321	142.19%	82.17%
2021	0.02935%	4,346,144	4,121,293	105.46%	86.88%
2022	0.02394%	2,082,887	3,998,493	52.09%	92.62%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 444,957	$ (444,957)	$ -	$ 3,422,746	13.00%
2014	442,732	(442,732)	-	3,689,433	12.00%
2015	424,922	(424,922)	-	3,541,017	12.00%
2016	413,236	(413,236)	-	3,443,633	12.00%
2017	447,914	(447,914)	-	3,445,492	13.00%
2018	529,796	(529,796)	-	3,784,257	14.00%
2019	540,445	(540,445)	-	3,860,321	14.00%
2020	576,981	(576,981)	-	4,121,293	14.00%
2021	559,789	(559,789)	-	3,998,493	14.00%
2022	586,593	(586,593)	-	4,189,950	14.00%

(1) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

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

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

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

CITY OF WASHINGTON COURT HOUSE, OHIO
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
and City Pension Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1) (2)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.09454%	$ 4,604,249	$ 2,485,902	185.21%	73.00%
2015	0.09454%	4,897,411	1,943,178	252.03%	71.71%
2016	0.09350%	6,015,112	1,950,617	308.37%	66.77%
2017	0.08452%	5,353,435	1,913,634	279.75%	68.36%
2018	0.08856%	5,435,588	2,037,043	266.84%	70.91%
2019	0.09209%	7,517,146	2,254,674	333.40%	63.07%
2020	0.09401%	6,332,836	2,349,602	269.53%	69.89%
2021	0.09622%	6,559,427	2,497,944	262.59%	70.65%
2022	0.09351%	5,841,680	2,510,941	232.65%	75.03%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 424,592	$ (424,592)	$ -	$ 2,485,902	17.08%
2014	395,631	(395,631)	-	1,943,178	20.36%
2015	391,879	(391,879)	-	1,950,617	20.09%
2016	384,449	(384,449)	-	1,913,634	20.09%
2017	409,242	(409,242)	-	2,037,043	20.09%
2018	452,964	(452,964)	-	2,254,674	20.09%
2019	472,035	(472,035)	-	2,349,602	20.09%
2020	501,837	(501,837)	-	2,497,944	20.09%
2021	504,448	(504,448)	-	2,510,941	20.09%
2022	545,254	(545,254)	-	2,714,057	20.09%

(1) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

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

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

CITY OF WASHINGTON COURT HOUSE, OHIO
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability/(Asset)
and City OPEB Contributions
Ohio Public Employees Retirement System

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.02524%	$ 2,548,992	$ 3,443,633	74.02%	54.05%
2018	0.02532%	2,749,366	3,445,492	79.80%	54.14%
2019	0.02653%	3,459,117	3,784,257	91.41%	46.33%
2020	0.02645%	3,653,952	3,860,321	94.65%	47.80%
2021	0.02788%	(496,785)	4,121,293	(12.05%)	115.57%
2022	0.02290%	(717,228)	3,998,493	(17.94%)	128.23%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 34,227	$ (34,227)	$ -	$ 3,422,746	1.00%
2014	73,789	(73,789)	-	3,689,433	2.00%
2015	70,820	(70,820)	-	3,541,017	2.00%
2016	70,738	(70,738)	-	3,443,633	2.05%
2017	34,876	(34,876)	-	3,445,492	1.01%
2018	2,211	(2,211)	-	3,784,257	0.06%
2019	2,255	(2,255)	-	3,860,321	0.06%
2020	3,411	(3,411)	-	4,121,293	0.08%
2021	2,887	(2,887)	-	3,998,493	0.07%
2022	3,016	(3,016)	-	4,189,950	0.07%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

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

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

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

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

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

CITY OF WASHINGTON COURT HOUSE, OHIO
Required Supplementary Information
Schedule of City's Proportionate Share of the Net OPEB Liability
and City OPEB Contributions
Ohio Police and Fire Pension Fund

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.08452%	$ 4,011,992	$ 1,913,634	209.65%	15.96%
2018	0.08856%	5,017,927	2,037,043	246.33%	14.13%
2019	0.09209%	838,639	2,254,674	37.20%	46.57%
2020	0.09401%	928,579	2,349,602	39.52%	47.08%
2021	0.09622%	1,019,470	2,497,944	40.81%	45.42%
2022	0.09351%	1,024,902	2,510,941	40.82%	46.90%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 82,013	$ (82,013)	$ -	$ 2,485,902	3.30%
2014	10,261	(10,261)	-	1,943,178	0.53%
2015	9,414	(9,414)	-	1,950,617	0.48%
2016	9,291	(9,291)	-	1,913,634	0.49%
2017	9,916	(9,916)	-	2,037,043	0.49%
2018	10,958	(10,958)	-	2,254,674	0.49%
2019	11,423	(11,423)	-	2,349,602	0.49%
2020	12,096	(12,096)	-	2,497,944	0.48%
2021	12,085	(12,085)	-	2,510,941	0.48%
2022	13,057	(13,057)	-	2,714,057	0.48%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

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

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

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

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

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

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

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

City of Washington Court House
Fayette County
105 North Main Street
Washington Court House, Ohio 43160

To the Members of 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Court House, Fayette County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2023.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

City's Response to Findings

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

September 28, 2023

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

Finding 2022-001

Material Noncompliance

Ohio Rev. Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

The Certification of Estimated Resources was not completed in 2022.

The compliance matters above were not identified and corrected prior to the audit due to deficiencies in the Village’s internal controls over compliance monitoring. The failure to limit appropriations to amounts certified could allow for deficit spending practices, resulting in deficit fund balances. The Fiscal Officer should monitor appropriations as compared to estimated resources and submit amendments to the County Budget Commission or reduce appropriations if sufficient revenues are not available.

Officials’ Response: Finance Director, Christina Collins, stated a 2022 Certification of Estimated Resources was not filed due to a vacancy in the Finance Director position for a several month period before she filled the position. She stated that a Certificate was filed for 2021 before she took this position and for 2023, but was not filed in 2022 due to Management Oversight.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF WASHINGTON COURT HOUSE

FAYETTE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 10/24/2023

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