

**CITY OF HAMILTON
BUTLER COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF HAMILTON
BUTLER COUNTY
DECEMBER 31, 2023

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**CITY OF HAMILTON
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Programs</i>				
CDBG - Entitlement/Special Purpose Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	397,961	1,911,775
COVID-19 Community Development Block Grant CARES Act (CDBG-CV)	14.218	N/A	13,956	488,686
CDBG Revolving Loan	14.218	N/A	6,402	28,917
Total CDBG - Entitlement Grants Cluster			418,319	2,429,378
Home Investment Partnerships Program	14.239	N/A	474,488	536,640
Total U.S. Department of Housing and Urban Development			892,807	2,966,018
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Programs</i>				
Equitable Sharing Program	16.922	N/A		12,038
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	N/A		31,407
<i>Passed Through Butler County Sheriff's Department</i>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2020-DJ-BX-0439		35,384
Total U.S. Department of Justice				78,829
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
State and Community Highway Safety (STEP Grant)	20.600	IDEP/STEP-2023-Hamilton Police Dept.-00061		19,036
State and Community Highway Safety (STEP Grant)	20.600	IDEP/STEP-2024-Hamilton Police Dept.-00048		7,357
				26,393
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2023-Hamilton Police Dept.-00061		18,291
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2024-Hamilton Police Dept.-00048		6,352
				24,643
<i>Passed Through City of Oxford</i>				
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	OVI-2023-Oxford Division of Police-00007		21,844
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	OVI-2024-Oxford Division of Police-00007		6,726
				28,570
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID #109757		24,830
Highway Planning and Construction	20.205	PID #113302		1,251,866
Total Highway Planning and Construction				1,276,696
Total U.S. Department of Transportation				1,356,302
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Public Safety</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-LEP-972		959,239
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-LEP-1049		28,355
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-LEP-1064		48,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-CCB-1122		288,163
				1,323,757
<i>Passed Through Ohio Emergency Management Agency</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	AFRR-390-RET		360,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	AFRR-267-WELL		24,900
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	AFRR-390-HIR		1,013,221
				1,398,121
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				2,721,878
Total U.S. Department of Treasury				2,721,878
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Health</i>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	00920022EO0123		12,097
<i>Passed Through Butler County Health Department</i>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	00910012EO0121		8,254
Total COVID-19 Enhanced Operations				20,351
<i>Passed Through Butler County Health Department</i>				
Public Health Emergency Preparedness (Public Health Infrastructure)	93.074	00910012PH1221		40,511
Public Health Emergency Response	93.354	00910012WF0122		134,423
Total U.S. Department of Health and Human Services				195,285
Total Expenditures of Federal Awards			\$892,807	\$7,318,312

The accompanying notes are an integral part of this schedule.

CITY OF HAMILTON, OHIO

Butler County

Schedule of Expenditures of Federal Awards - continued

Year Ended December 31, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

2 CFR 200.510(b)(6)

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Hamilton, Ohio (the "City") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - PASSTHROUGH AWARDS

The City of Hamilton, Ohio receives certain federal awards from the State of Ohio as pass-through awards. The amounts received are commingled by the State of Ohio with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the schedule of expenditures of federal awards.

NOTE E - SUBRECIPIENTS

The City passes certain federal awards received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

OHIO AUDITOR OF STATE KEITH FABER



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

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Butler County, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2024 wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Hamilton's, Butler County, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Hamilton's major federal program for the year ended December 31, 2023. The City of Hamilton's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Butler County, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 28, 2024. Our opinion also explained that the City adopted Governmental Accounting Statements No. 94 and 96 during the year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

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**CITY OF HAMILTON
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

4. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2023-001

Finding for Recovery Repaid Under Audit

Memorandum of Understanding (MOU) By and Between the City of Hamilton, Ohio and the International Association of Firefighters (AFL-CIO), Local 20, executed on November 2, 2023, states, "all firefighters employed by the City as of October 1, 2022 are eligible to receive a one-time retention bonus which will be ten-percent (10%) of the firefighter's base pay as of October 1, 2022, payable in one lump sum, less any applicable withholdings by November 10, 2023."

On November 10, 2023, the City paid retention bonus payments to four employees in the amounts detailed below. A review of the bonus payments indicated the employees' base pay amounts as of a date after October 1, 2022 (detailed below) were used to calculate the bonus payments, instead of the employees' base pay amounts as of October 1, 2022, as per the MOU. As a result of using the incorrect base pay amounts, overpayments totaling \$825 occurred, as calculated below:

	Base Pay Amount – 10/1/22	Annual Pay Amount at 2,496 hours – 10/1/22	10% of Annual Pay Amount – 10/1/22 (Amount Due to Employee)	Incorrect Date Used for Employee Base Pay Amount	Amount Paid to Employee on 11/10/23	Overpayment
Employee 1	\$26.37	\$65,819.52	\$6,581.95	10/22/22	\$6,823.80	\$241
Employee 2	\$42.13	\$105,156.48	\$10,515.65	02/11/23	\$10,722.50	\$206
Employee 3	\$26.37	\$65,819.52	\$6,581.95	10/22/22	\$6,823.80	\$241
Employee 4	\$31.93	\$79,697.28	\$7,969.73	11/19/22	\$8,107.60	\$137
Total Overpayment						\$825

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding For Recovery for public monies illegally expended is hereby issued against each of the four employees in the amounts of \$241; \$206; \$241; and \$137, respectively, totaling \$825, and in favor of the City of Hamilton General Fund.

The City received repayment from each of the employees by a payroll deduction on each employee's May 24, 2024 paycheck. This finding for recovery is paid in full.

Officials' Response:

We did not receive a response from Officials to this finding.



2023 ANNUAL REPORT

The Annual Comprehensive Financial Report for Hamilton, Ohio - Year Ended 12/31/23



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023

Prepared by:
Department of Finance

David Jones
Finance Director



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BUTLER COUNTY, OHIO

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CITY OF HAMILTON, OHIO

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CITY OF HAMILTON, OHIO

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INTRODUCTORY SECTION







CITY OF HAMILTON OHIO

Department of Finance

One Renaissance Center

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June 28, 2024

To the Honorable Mayor, Vice Mayor, City Council and
All Citizens of the City of Hamilton, Ohio:

We are pleased to present this Annual Comprehensive Financial Report for Hamilton, Ohio. This report, for the year ended December 31, 2023, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the City of Hamilton's Department of Finance.

This report presents the financial activity of the City in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The City of Hamilton is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Super Circular. Information related to this single audit, including a schedule of federal expenditures, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Hamilton's MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, in that they include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2023

Based on the foregoing, the Hamilton Community Authority (HCA) has been determined to be a component unit of the City. The HCA is a new community authority (NCA) authorized under Chapter 349 of the Ohio Revised Code. NCA's are to be created "for the purpose of encouraging orderly development of well planned, diversified and economically sound new communities and of encouraging the initiative and participation of private enterprise in such undertakings; and encouraging cooperation between the developer and community authority to carry out a new community development program." The reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, along with component units. The primary government includes the financial activities of the Hamilton Civil Service Commission, the Hamilton Board of Health, and the Hamilton Municipal Court.

CITY OVERVIEW

Located thirty miles northwest of Cincinnati, Hamilton encompasses approximately 21.5 square miles and is located within a one-day drive of approximately 65% of the purchasing population in the United States. A network of four interstate highways (71, 74, 75 and 275) and five U.S. and Ohio routes (4, 128, 129, 177 and 127) serve the City.

The City of Hamilton provides a host of traditional municipal services including police and fire protection, health and certain social services, operation of a municipal court, street maintenance and other governmental services. In addition, the City owns and operates four utility systems to serve consumers within the City and certain immediately adjacent environs.

A seven-member Council, elected by voters of the City, governs the City. Council is elected for four-year staggered terms. The Mayor, who is separately elected, is recognized as the official head of the City for all ceremonial purposes and presides at Council meetings. The voters also elect a Municipal Court Judge, who serves a six-year term, to preside over the proceedings of the Hamilton Municipal Court.

City Council appoints the City Manager who is the chief executive officer of the City. The Manager is charged with the proper administration of all affairs of the City. The Manager has the authority to appoint and remove all heads of departments and all subordinate officers and employees of the City and they exercise control over all departments created by the City Council.

RECENT ECONOMIC DEVELOPMENT

Since 2014 alone, more than \$539.6 million has been invested in our community by businesses locating or expanding here, developers renovating our downtown buildings, or through infrastructure upgrades and improvements. In the same period, more than 2,500 jobs have been filled. These numbers are a testament to the strength of our local economy, and they show the optimism of residents and employers. The following includes some highlights of this growth in our community.

The City celebrated a historic year in 2023, thanks in large to the December 2022 opening of Spooky Nook Sports Champion Mill. The facility is the largest indoor sports complex in the United States, spanning over 1.2 million square feet of space. The facility includes space for 28 basketball courts or 46 volleyball courts, a full-size multi-sport outdoor turf field, 200-meter indoor track, 65,000 square foot fitness center, and a 5,000 square foot arcade. The site also includes a 233-room hotel and conference center that features 19 meeting rooms. The facility is already having a significant impact on economic development in the City, with new businesses coming into the City and current businesses planning to expand.

*Letter of Transmittal
For the Year Ended December 31, 2023*

The growth and attraction of manufacturing business continues to be a priority, with the City seeing thousands of square footage in expansions from companies such as ThyssenKrupp Bilstein, Vinylmax, and 80 Acres Farms. The City experienced growth in a variety of sectors including construction, packaging, and food. Investment along the main business corridors has continued, with numerous residential and commercial projects spanning the High-Main Street districts, including the Rossville Flats, which broke ground in November 2021. The complex was completed in fall of 2023, and offers approximately 76 modern garden-style apartments and two 1,600-square-foot commercial spaces in the historic Rossville neighborhood.

Our Economic Development Department worked with 18 retail and restaurant businesses that opened or expanded in Hamilton in 2023. All of these businesses enhance the quality of life in Hamilton, making it a better place for people to live, work, and shop. New or expanded small businesses in 2023 included:

- All8Up (expansion)
- Bourbon & Fire
- Bru's Boutique & Beyond
- Cryoden
- El Sabrozon
- Escape Goatz
- Flubs at Champion Mill
- High Main Laserworks
- Immortal Vibes
- Legacy Martial Arts Academy (new location)
- Mary & Clyde's
- Mirchi Indian
- Petals & Wicks at Champion Mill
- Sara's House at Champion Mill
- The Farmer's Collective
- The Local Boutique & Social House
- Third Eye Brewing
- Thyme Savor

*Letter of Transmittal
For the Year Ended December 31, 2023*

Now one of Hamilton's largest companies, ThyssenKrupp Bilstein has been a reliable advocate and business partner to the Hamilton community for many years. The company began production at its facility just off Symmes Road in 1995. With only about 185 employees in 2011, the German-based auto parts manufacturer has grown to approximately 750 employees as of December 2021, and invested a total of \$43.2 million in expanding its facilities. In 2021, the company was awarded a state tax credit to create more jobs and increase business opportunities. The credit comes as a result of their newly announced expansion: a 150,000 square foot addition that will bring 150 new full-time positions and generate approximately \$5.6 million in additional annual payroll. Hamilton has many wonderful employers, and as one of them, Bilstein has consistently demonstrated its commitment to our city and this region as a whole.

Vinylmax, a Hamilton company that manufactures vinyl and wood windows and window replacements, was awarded a state tax credit in 2021 to create more jobs and increase business opportunities. The credit comes as a result of their announced 150,000 square foot expansion that will bring 150 new full-time positions and generate approximately \$5.6 million more in annual payroll. COhatch, an Ohio-based office and co-working space provider, announced plans to open a location in Hamilton. The company plans to renovate the former US Bank property in downtown Hamilton at 219 High Street with plans to open in 2025.

In July 2020, Saica Group, one of the largest and most advanced European players in the development and production of recycled paper for corrugated packaging, announced its first North American facility in Hamilton, Ohio. The new 350,000 square-foot corrugated manufacturing facility in the Hamilton Enterprise Park produced its first boxes in November 2021 and became fully operational in early 2022. With this new project, Saica Group created 64 new jobs in the City of Hamilton. The jobs created at the site consist of 27 skilled operators, 15 manufacturing, engineering, and supply chain professionals, 13 sales staff, and 9 office and management positions.

In 2020, 80 Acres Farms officially opened their \$30 million indoor farming complex in Hamilton Enterprise Park. The 64,000 square foot indoor farm can produce 300 times more food than an ordinary farm using 97% less water, without the need for pesticides. The company is revolutionizing the way Americans grow, sell, buy, and eat food. The company's headquarters are located in Hamilton, and has facilities in Ohio, Kentucky, Arkansas, North Carolina, and Alabama. In 2021, Newsweek Magazine named the company no. 81 among "America's Most Loved Workplaces 2021" from its survey of over 800,000 employees.

In 2023, Dublin, Ohio based developer Crawford Hoying announced a planned three-phase development of the former Cohen Recycling plant at North Third and Black street in Hamilton. The development agreement provided a \$3 million forgivable that will be forgiven based on performance metrics over the three phases. The plans call for a \$150 million mixed-use development that will feature retail, housing, and a hotel. Phase one of the planned three-phase project calls for a 120-room hotel, 176 apartments, six town homes, and 5,000 square feet of retail space. Site development could start in the fall of 2024, with the opening of Phase 1 in 2026.

The revitalization of the downtown Anthony Wayne Hotel by developer Vision AWH, LLC, originally opened in 1927, began in 2023. The renovated hotel will be named the Well House Hotel and have a Tapestry Collection by Hilton flag. The \$16 million project will convert the former apartment building into a boutique hotel with 54 rooms. The new hotel is slated to open in 2024.

***Letter of Transmittal
For the Year Ended December 31, 2023***

The City continues to see development on Route 4, a highly traveled corridor in Hamilton. Third Eye Brewing completed construction of a \$3.1 million development in the former Pepsi Bottling Plant. The new facility includes a 10,000 square foot production facility, a spacious taproom, and a full-service kitchen. The new facility allows the company to increase its brewing capacity from 2,000 to 10,000 barrels. The facility opened in November 2023.

Several proposed upcoming projects in the Lindenwald neighborhood are expected to make significant economic impacts in the area. Bloomfield/Schon, in partnership with the City of Hamilton, is planning to develop the Shuler-Benninghofen Mill on the corner of Pleasant and Williams Avenues. The investment, expected to be north of \$20 million, would bring over 100 new apartment units and retail space to a neglected historic property in Hamilton's most populous neighborhood. In addition, plans are in the works for renovation of the iconic Roemer Hardware building.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

The City's budgetary accounting system was designed to provide reasonable, but not absolute, assurances that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states internal controls should be evaluated using the following criteria:

1. The expenditure associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the members of the Finance Department.

It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. The City Manager and the appropriate Department Director submit requisitions for the expenditure of monies to the Director of Finance for certification of funds and preparation of a purchase order after approval. The purchase order is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2023

The Government Finance Officers Association (GFOA) recommends local governments establish a rainy day fund equal to at least two months operating reserve or 16.7% of annual expenditures. In 2012, City Council enacted Budget and Financial Policies Resolution #R2012-6-25, which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% can be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council.

In 2023, the City once again saw record income tax collections, with the General Fund's portion topping \$29.2 million, an increase of \$2.0 million over actual collections in 2022. The City used a combination of ARPA funds and carryover fund balance to make several strategic expenditures to invest in the City's future and keep the momentum going in the growth the City has seen in recent years. The City has budgeted \$6.0 million for construction of a new Fire Station 26, \$3.0 million for development at the former Cohen Recycling facility, and approximately \$8.0 million (in addition to debt proceeds of \$24 million) on the construction of a new criminal justice center. The planned criminal justice center will be the new home of the Hamilton Police Department and the Hamilton Municipal Court. Construction on the \$32 million began in 2023 and is slated to be complete in Fall 2024.

INDEPENDENT AUDIT

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2023, by the Ohio Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of an Annual Comprehensive Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hamilton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

*Letter of Transmittal
For the Year Ended December 31, 2023*

ACKNOWLEDGEMENTS

The City of Hamilton is proud to be submitting this Annual Comprehensive Financial Report, which is the result of the continued cooperation and combined efforts of the City's Finance Department staff. Special thanks to Assistant Finance Director Matthew McKinney and his staff for their outstanding work which created this document.

The support of the Hamilton City Council was essential in the successful preparation and issuance of this report.



Craig Bucheit
City Manager



David C. Jones, CPA
Director of Finance

CITY OF HAMILTON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2023***

***ELECTED
OFFICIALS***

Pat Moeller
Eric Pohlman
Michael Ryan
Carla Fiehrer
Joel Lauer
Susan Vaughn
Timothy Naab
Daniel J. Gattermeyer, Judge

OFFICE

Mayor
Vice Mayor
Council Member
Council Member
Council Member
Council Member
Council Member
Municipal Court

***ADMINISTRATIVE
PERSONNEL***

Craig Bucheit
Timothy Werdmann
Edwin Porter
J. Scott Scrimizzi
Liz Hayden
Aaron Hufford
David Jones, CPA
Letitia Block
Brandon Saurber
Ken Carrier
Jeanne Pope
Trent Chenoweth (Acting)
Thomas Eickelberger
Jody Gunderson
Adam Helms
Kenneth Rivera
Cindy Hogg
Bill Hudson
Richard Engle, P.E.
Jim Williams
Daniel Tidyman

TITLE

City Manager
Executive Director of Internal Services
Executive Director of Infrastructure Services
Executive Director of Public Safety
Executive Director of Community Services
Executive Director of Development
Director of Finance
Director of Law
Director of Neighborhoods & Planning
Director of Strategy & Information
Director of Civil Service and Personnel
Police Chief
Fire Chief
Director of Economic Development
Director of Resident Services
Director of Building
Director of Health
Director of Utility Operations
Director of Engineering
Director of Public Works
City Clerk

City Organizational Chart
For the Year Ended December 31, 2023

Citizens of Hamilton



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hamilton
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Butler County, Ohio (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Butler County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Health Department Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, during 2023, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024



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

Unaudited

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

FINANCIAL HIGHLIGHTS

Key (***GAAP Basis***) financial highlights for 2023 are as follows:

- ❑ In total, net position increased \$20,442,760. Net position of governmental activities increased \$15,887,404, or 16%. Net position of business-type activities increased \$4,555,356, or 2%.
- ❑ General revenues accounted for \$68,584,726 in revenue or 29% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$167,983,901, or 71%, of total revenues of \$236,568,627.
- ❑ The City had \$80,909,483 in expenses related to governmental activities; \$34,535,275 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$64,517,997 were adequate to provide for these programs.
- ❑ The general fund had \$51,067,199 in revenues and \$41,988,798 in expenditures. The general fund's fund balance increased from \$32,202,930 to \$35,126,419.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Required supplemental information is also presented, which provides additional data regarding the net pension and OPEB liabilities/assets.

Government-wide Statements

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

The two government-wide statements report the City's net position and how it has changed. Net-position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

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

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, basic utility services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's gas, electric, water and wastewater services are reported as business-type activities.

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF HAMILTON, OHIO

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

Unaudited

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas, electric, water and wastewater operations. All enterprise funds are reported as major funds in the proprietary funds Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management services and costs of certain goods or services provided to other departments or agencies of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

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CITY OF HAMILTON, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government’s financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$377,738,217 (\$115,833,321 in governmental activities and \$261,904,896 in business type activities) as of December 31, 2023. By far, the largest portion of the City’s net position (\$298,955,412) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is 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. The table below provides a summary of the City’s statement of net position for 2023 compared to 2022.

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$166,941,169	\$163,712,828	\$125,158,873	\$105,290,399	\$292,100,042	\$269,003,227
Net OPEB Asset	0	2,242,753	0	4,061,359	0	6,304,112
Capital assets, Net	161,675,089	149,584,952	308,472,472	313,772,622	470,147,561	463,357,574
Total Assets	328,616,258	315,540,533	433,631,345	423,124,380	762,247,603	738,664,913
Deferred Outflows of Resources	36,465,843	24,126,215	17,655,960	5,978,110	54,121,803	30,104,325
Net Pension Liability	88,310,640	52,273,849	35,223,823	11,017,193	123,534,463	63,291,042
Net OPEB Liability	5,601,968	8,103,849	772,370	0	6,374,338	8,103,849
Total OPEB Liability	150,959	250,551	603,836	1,002,204	754,795	1,252,755
Other Long-term Liabilities	88,254,167	90,541,534	120,236,579	125,638,719	208,490,746	216,180,253
Other Liabilities	43,965,179	46,025,961	30,818,660	16,129,396	74,783,839	62,155,357
Total Liabilities	226,282,913	197,195,744	187,655,268	153,787,512	413,938,181	350,983,256
Deferred Inflows of Resources	22,965,867	42,525,087	1,727,141	17,965,438	24,693,008	60,490,525
Net Position						
Net Investment in Capital Assets	107,106,582	107,664,999	191,848,830	192,960,925	298,955,412	300,625,924
Restricted	37,014,344	25,144,359	11,144,901	11,089,133	48,159,245	36,233,492
Unrestricted (Deficit)	(28,287,605)	(32,863,441)	58,911,165	53,299,482	30,623,560	20,436,041
Total Net Position	\$115,833,321	\$99,945,917	\$261,904,896	\$257,349,540	\$377,738,217	\$357,295,457

An additional portion of the City’s net position represents resources that are subject to external restrictions on how they may be used. In the current year, this represented \$48,159,245.

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

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

Unaudited

The following discussion pertains to the Net Pension and Net OPEB liabilities (asset) reported in the City's financial statements as a result of the City's participation in the Ohio Public Employee's Retirement System and Ohio Police and Fire Pension Fund. The Total OPEB liability reported in the City's financial statements reflects OPEB benefits provided by the City through a Retiree Life Insurance plan. See Note 11 for more information on this plan.

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

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

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

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

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

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

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

Unaudited

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

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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CITY OF HAMILTON, OHIO

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

Unaudited

Change in Net Position – The following table shows the change in net position for 2023 compared with 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	\$19,702,363	\$18,801,829	\$133,448,626	\$133,727,887	\$153,150,989	\$152,529,716
Operating Grants and Contributions	10,585,425	33,295,944	0	0	10,585,425	33,295,944
Capital Grants and Contributions	4,247,487	10,589,705	0	0	4,247,487	10,589,705
Total Program Revenues	34,535,275	62,687,478	133,448,626	133,727,887	167,983,901	196,415,365
General Revenues:						
Property Taxes	12,384,009	11,070,110	0	0	12,384,009	11,070,110
Income Taxes	38,494,969	36,761,592	0	0	38,494,969	36,761,592
Other Local Taxes	3,228,277	3,282,213	0	0	3,228,277	3,282,213
Intergovernmental, Unrestricted	2,951,724	3,240,413	0	0	2,951,724	3,240,413
Investment Earnings	4,586,929	(1,819,798)	4,066,729	(1,227,350)	8,653,658	(3,047,148)
Miscellaneous	2,872,089	1,383,805	0	0	2,872,089	1,383,805
Total General Revenues	64,517,997	53,918,335	4,066,729	(1,227,350)	68,584,726	52,690,985
Total Revenues	99,053,272	116,605,813	137,515,355	132,500,537	236,568,627	249,106,350
Program Expenses						
General Government	11,433,689	18,470,115	0	0	11,433,689	18,470,115
Security of Persons and Property	41,136,958	36,180,916	0	0	41,136,958	36,180,916
Leisure Time Activities	2,265,405	2,063,074	0	0	2,265,405	2,063,074
Community Environment	6,359,391	3,792,757	0	0	6,359,391	3,792,757
Basic Utility Services	6,850,578	6,681,915	0	0	6,850,578	6,681,915
Transportation	7,737,256	6,256,765	0	0	7,737,256	6,256,765
Public Health and Welfare Services	993,463	846,360	0	0	993,463	846,360
Interest and Fiscal Charges	4,132,743	2,815,851	0	0	4,132,743	2,815,851
Gas Utility	0	0	17,653,720	20,191,885	17,653,720	20,191,885
Electric Utility	0	0	85,873,247	77,236,352	85,873,247	77,236,352
Water Utility	0	0	18,014,796	15,504,942	18,014,796	15,504,942
Wastewater Utility	0	0	13,674,621	11,865,791	13,674,621	11,865,791
Total Expenses	80,909,483	77,107,753	135,216,384	124,798,970	216,125,867	201,906,723
Change in Net Position						
Before Transfers	18,143,789	39,498,060	2,298,971	7,701,567	20,442,760	47,199,627
Transfers	(2,256,385)	(995,000)	2,256,385	995,000	0	0
Total Change in Net Position	15,887,404	38,503,060	4,555,356	8,696,567	20,442,760	47,199,627
Beginning Net Position	99,945,917	61,442,857	257,349,540	248,652,973	357,295,457	310,095,830
Ending Net Position	\$115,833,321	\$99,945,917	\$261,904,896	\$257,349,540	\$377,738,217	\$357,295,457

CITY OF HAMILTON, OHIO

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

Unaudited

Governmental Activities

Governmental activities net position increased \$15,887,404, or 16% during 2023. State and Local Fiscal Recovery Funding received in the prior year resulted in a subsequent decrease in operating grants in 2023. Capital grants and contributions received from the State of Ohio in the prior year for the construction of a bike trail as well as Ohio Department of Transportation grants received for various street and traffic improvement projects resulted in a subsequent decrease in capital grants in the current year.

Property taxes received as a result of a tax increment financing agreement for the Champions Mill Sports Complex project resulted in an increase in property tax receipts. Increases in income taxes can be attributed to economic expansion at the Hamilton Enterprise Park and due to the Spooky Nook Sports complex.

An increase in investment earnings can be attributed to an increase in interest rates. An increase in miscellaneous revenue was mostly due to reimbursements received from the Hamilton Community Authority.

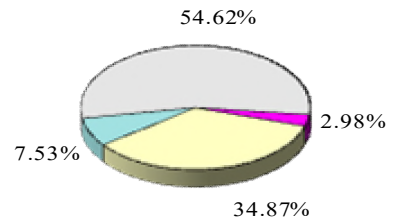
General government expense increased substantially in the prior year due to a \$4,000,000 contribution to the Hamilton Community Improvement Corporation and the Hamilton CORE Fund and the recognition of a \$3,500,000 claim payable to St. Clair Township due to a settlement with the Township involving the annexation of property by the City from the Township. This resulted in a subsequent decrease in general government in 2023.

An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities/asset.

The City receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation and on net profits earned from residents and businesses located within the City.

Income taxes and property taxes made up 39% and 13%, respectively, of revenues for governmental activities in 2023. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 55% of total revenues from general tax revenues:

Revenue Sources	2023	Percent of Total
General Tax Revenues	\$54,107,255	54.62%
Intergovernmental, Unrestricted	2,951,724	2.98%
Program Revenues	34,535,275	34.87%
General Other	7,459,018	7.53%
Total Revenue	\$99,053,272	100.00%



CITY OF HAMILTON, OHIO

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

Unaudited

Business-Type Activities

Net position of business-type activities increased \$4,555,356. This represents a 2% change from the prior year. Overall, charges for services remained stable. A substantial increase in investment earnings can be attributed to an increase in interest rates. An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities/asset.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City's governmental funds reported a combined fund balance of \$100,854,512, which is an increase from last year's balance of \$95,836,188. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	\$35,126,419	\$32,202,930	\$2,923,489
Health Department	15,678	13,772	1,906
Hamilton Capital Improvement	32,822,872	30,519,844	2,303,028
Criminal Justice Center Construction	(4,460,956)	7,169,061	(11,630,017)
Other Governmental	37,350,499	25,930,581	11,419,918
Total	\$100,854,512	\$95,836,188	\$5,018,324

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

	2023 Revenues	2022 Revenues	Increase (Decrease)
Income Taxes	\$29,601,361	\$28,199,086	\$1,402,275
Property and Other Local Taxes	5,912,137	5,866,186	45,951
Intergovernmental Revenues	4,011,538	4,234,620	(223,082)
Charges for Services	6,965,609	6,603,077	362,532
Licenses and Permits	1,021,747	1,139,735	(117,988)
Investment Earnings	2,373,732	(59,679)	2,433,411
Fines and Forfeitures	577,867	392,206	185,661
All Other Revenue	603,208	486,779	116,429
Total	\$51,067,199	\$46,862,010	\$4,205,189

General Fund revenues increased \$4,205,189, or approximately 9%, when compared with the previous year. Increases in income taxes can be attributed to economic expansion at the Hamilton Enterprise Park and due to the Spooky Nook Sports complex. An increase in investment earnings can be attributed to an increase in interest rates.

CITY OF HAMILTON, OHIO

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

Unaudited

	2023 Expenditures	2022 Expenditures	Increase (Decrease)
General Government	\$7,936,067	\$13,597,102	(\$5,661,035)
Security of Persons and Property	30,016,838	7,364,274	22,652,564
Leisure Time Activities	1,590,000	1,600,000	(10,000)
Community Environment	702,907	832,618	(129,711)
Basic Utility Services	267,202	427,071	(159,869)
Debt Service:			
Principal Retirement	576,803	514,351	62,452
Interest and Fiscal Charges	898,981	911,411	(12,430)
Total	\$41,988,798	\$25,246,827	\$16,741,971

General Fund expenditures increased \$16,741,971, or approximately 66% from the prior year. An increase in general government in the prior year due to grants made to the Hamilton Community Improvement Corporation resulted in a subsequent decrease in general government in 2023. A substantial decrease in security of persons and property in the prior year due to police and fire wages and benefits being paid from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund as well as the payment of retention bonuses resulted in a subsequent increase in the current year.

Health Department Fund – The City’s Health Department Fund remained stable, increasing from a balance of \$13,772 to \$15,678. Public health expenditures of \$922,515 were funded by grants, charges for services, licenses and permits, and transfers in from the general fund.

Hamilton Capital Improvement Fund – The City’s Capital Improvement Fund balance increased 8% in 2023. Expenditures included outlays for building improvements, infrastructure improvements, and various equipment purchases. Grants received in the prior year from the State of Ohio for the construction of a bike trail resulted in a subsequent decrease in intergovernmental revenues in 2023.

Criminal Justice Center Construction Fund – The Criminal Justice Center Construction Fund reported \$12.2 million in outlays for construction of a new justice center. Funding for the project consists of \$23 million in note proceeds and \$8 million of transfers from the General Fund.

Other Governmental Funds – The City’s Other Governmental Funds reported an increase in fund balance of \$11,419,918, or 44%. Property taxes received as a result of a tax increment financing agreement for the Champions Mill Sports Complex project resulted in an increase in property tax receipts. An increase in investment earnings can be attributed to an increase in interest rates.

An overall decrease in expenditures can be attributed to a reduction in capital outlays for various projects when compared with the prior year.

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

Unaudited

Enterprise Funds

Net position of the gas fund decreased 4%. A mild winter resulted in decreases in charges to consumers and a corresponding decrease in costs for purchased gas.

Net position of the electric fund increased 4%. Charges for services were consistent with the prior year. An increase in expenses was due mostly to changes in the net pension and net OPEB liabilities/asset. An increase in investment earnings partially offset this increase in expenses.

Net position of the water fund increased 2%. An increase in water revenue was the result of a five year rate increase plan. Step two of the plan was implemented in January 2023, resulting in an 8% increase in rates. An increase in expenses was due mostly to changes in the net pension and net OPEB liabilities/asset.

Net position of the wastewater fund decreased less than 1%. Charges for services were consistent with the prior year. An increase in expenses was due mostly to changes in the net pension and net OPEB liabilities/asset. An increase in investment earnings offset the increase in expenses, resulting in a stable net position.

Budgetary

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2023 the City amended its General Fund budget several times.

For the General Fund, final budgeted revenues were 11% higher than original estimates due to increases in income taxes, intergovernmental revenues, and investment earnings. Overall, final estimated receipts and actual budget basis receipts were not materially different. A 19% difference in budgeted and actual charges for services can be attributed to a decrease in reimbursements from public safety funds. Final appropriations were 9% greater than original estimates due mostly to retention bonuses paid to police and fire employees. Actual budget basis expenditures were 7% less than final estimates.

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CITY OF HAMILTON, OHIO

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

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had \$470,147,561 invested in land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment, net of accumulated depreciation. Of this total, \$161,675,089 was related to governmental activities and \$308,472,472 to the business-type activities. The following tables show 2023 and 2022 balances:

	Governmental Activities		Increase (Decrease)
	2023	Restated 2022	
Land	\$23,527,335	\$22,895,230	\$632,105
Construction In Progress	46,608,400	42,740,049	3,868,351
Buildings and Improvements	52,670,092	51,820,171	849,921
Leased Buildings	144,726	144,726	0
Machinery and Equipment	37,979,699	36,600,296	1,379,403
SBITA	98,948	98,948	0
Leased Equipment	211,783	211,783	0
Infrastructure	200,279,804	190,404,169	9,875,635
Less: Accumulated Depreciation	(199,845,698)	(195,330,420)	(4,515,278)
Totals	\$161,675,089	\$149,584,952	\$12,090,137

Land increased due to the purchase of land for the new Justice Center and Fire Station as well as a few parcels north of the downtown area.

Construction in progress increased due to the construction of the new Justice Center and improvements to an existing Fire Station.

Buildings and improvements increased due to the renovation of the first and third floors of One Renaissance Center.

Machinery and equipment increased due to the purchase of several police cruisers and a fire truck. Streets purchased two mowers and a work truck and a bike path upgrade was also completed.

Infrastructure increased due to the completion of an intersection improvement project and a street resurfacing project.

CITY OF HAMILTON, OHIO

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

Unaudited

	Business-Type Activities		Increase (Decrease)
	2023	Restated 2022	
	Land	\$10,815,289	
Construction in Progress	33,405,039	36,665,651	(3,260,612)
Intangible Capital Assets	1,070,786	1,070,786	0
SBITA	505,679	336,084	169,595
Buildings and Improvements	140,908,792	137,047,911	3,860,881
Machinery and Equipment	716,769,661	708,242,614	8,527,047
Less: Accumulated Depreciation	(595,002,774)	(580,405,713)	(14,597,061)
Totals	<u>\$308,472,472</u>	<u>\$313,772,622</u>	<u>(\$5,300,150)</u>

Construction in progress decreased due to the completion of a pole replacement program, a water main replacement project, sanitary sewer main replacement and a sanitary sewer manhole rehabilitation project.

Buildings and improvements increased as a result of a water production aerator roof replacement and the completion of several sanitary sewer main replacement projects.

Machinery and equipment increased due to the completion of a pole replacement program, the purchase of two electric line trucks and several water main replacement programs. The gas and water departments purchased a backhoe and a dump truck and Water Reclamation completed a major pump upgrade.

Additional information on the City's capital assets can be found in Note 9.

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CITY OF HAMILTON, OHIO

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

Unaudited

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations outstanding as of December 31, 2023 and 2022:

	2023	Restated 2022
Governmental Activities:		
General Obligation Bonds	\$13,335,000	\$13,950,000
Special Obligation Non-Tax Revenue Bonds	31,740,000	31,820,000
Income Tax Revenue Bonds	6,467,860	7,051,861
Special Assessment Bonds	226,561	268,421
OWDA Loans	6,043,817	5,830,307
Installment Loans	22,456,396	22,990,631
Leases Payable	194,404	306,303
SBITA	78,516	98,948
Claims Payable	3,150,000	3,500,000
Compensated Absences	4,561,613	4,725,063
Total Governmental Activities	88,254,167	90,541,534
Business-Type Activities:		
Mortgage Revenue Bonds	101,409,153	106,852,422
General Obligation Bonds	445,000	470,000
OWDA Loans	2,247,498	2,016,234
OPWC Loans	12,153,566	12,604,386
Installment Loan	127,976	252,889
SBITA	405,379	336,084
Compensated Absences	3,448,007	3,106,704
Total Business-Type Activities	120,236,579	125,638,719
Totals	\$208,490,746	\$216,180,253

Under state law, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The City's Budget and Financial Policies Resolution R2012-6-25 requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of budgeted expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% may be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council. The 2023 unencumbered General Fund cash was \$8,453,824 (non-GAAP), or 14.12% of 2023 General Fund revenues.

In 2023, the City was fortunate to have another very good year for income tax receipts, which were up 7.5%, or \$2,609,936 (all funds) over 2022. The City drew down \$3,000,000 from the Budget Stabilization Fund for a forgivable loan to Crawford Hoying, a real estate developer in Dublin Ohio. Crawford Hoying closed on the Cohen Recycling site in August 2023, which is directly across the Great Miami River from the Spooky Nook indoor sports complex and hotel. To have the loan forgiven the developer will have to complete all three phases and invest \$150,000,000 into the site.

The GFOA recommends governments adopt rigorous policies for all operating funds to achieve and maintain a structurally balanced budget. The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to or greater than recurring expenditures in the adopted budget. City Council Resolution 2012-6-25 sets forth these policies. The 2024 General Fund Adopted Budget is structurally balanced, and the first quarter of 2024 has started out strong.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Office of the City of Hamilton Finance Director, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO

**Statement of Net Position
December 31, 2023**

	Governmental Activities	Business-Type Activities	Total	Component Unit Hamilton Community Authority
Assets:				
Equity in Pooled Cash and Investments	\$ 84,922,878	\$ 91,580,411	\$ 176,503,289	\$ 0
Cash and Investments	0	0	0	5,226,173
Receivables:				
Taxes	22,780,772	0	22,780,772	0
Accounts	2,700,243	17,801,980	20,502,223	0
Due From Other Governments	4,291,656	0	4,291,656	0
Interest	158,308	382,537	540,845	182,331
Special Assessments	413,512	0	413,512	0
Loans	36,310,774	0	36,310,774	22,395,000
Leases	2,623,955	135,994	2,759,949	0
Due from Primary Government	0	0	0	32,911,018
Inventory of Supplies at Cost	150,206	2,719,523	2,869,729	0
Prepaid Items	423,012	1,393,527	1,816,539	0
Restricted Assets:				
Cash and Investments	7,000,000	11,144,901	18,144,901	0
Cash with Fiscal Agent	5,165,853	0	5,165,853	0
Non-Depreciable Capital Assets	70,135,735	44,220,328	114,356,063	0
Depreciable Capital Assets, Net	91,539,354	264,252,144	355,791,498	0
Total Assets	328,616,258	433,631,345	762,247,603	60,714,522
Deferred Outflows of Resources:				
Deferred Charge on Debt Refunding	64,307	926,955	991,262	0
Pension	31,119,810	14,385,311	45,505,121	0
OPEB	5,281,726	2,343,694	7,625,420	0
Total Deferred Outflows of Resources	36,465,843	17,655,960	54,121,803	0
Liabilities:				
Accounts Payable	4,498,915	7,112,807	11,611,722	2,162
Accrued Wages and Benefits	1,254,357	840,808	2,095,165	0
Intergovernmental Payable	756,604	391,120	1,147,724	0
Payroll Withholding Payable	74,401	0	74,401	0
Claims Payable	953,700	0	953,700	0
Due to Others	1,738,744	0	1,738,744	0
Accrued Liabilities	35,448	1,513	36,961	0
Customer Deposits	4,640	3,222,526	3,227,166	0
Due to Hamilton Community Authority	2,273,916	0	2,273,916	0
Accrued Interest Payable	924,454	949,886	1,874,340	562,972
General Obligation Notes Payable	31,450,000	18,300,000	49,750,000	0
Long-Term Liabilities:				
Due Within One Year	6,253,393	8,051,337	14,304,730	1,260,000
Due in More Than One Year:				
Net Pension Liability	88,310,640	35,223,823	123,534,463	0
Net OPEB Liability	5,601,968	772,370	6,374,338	0
Total OPEB Liability	150,959	603,836	754,795	0
Other Amounts Due in More Than One Year	82,000,774	112,185,242	194,186,016	98,914,893
Total Liabilities	226,282,913	187,655,268	413,938,181	100,740,027

(Continued)

CITY OF HAMILTON, OHIO

**Statement of Net Position
December 31, 2023**

	Governmental Activities	Business-Type Activities	Total	Component Unit Hamilton Community Authority
Deferred Inflows of Resources:				
Property Tax Levy for Next Fiscal Year	10,419,936	0	10,419,936	0
Leases	2,568,492	134,007	2,702,499	0
Pension	4,204,394	846,328	5,050,722	0
OPEB	5,773,045	746,806	6,519,851	0
Total Deferred Inflows of Resources	22,965,867	1,727,141	24,693,008	0
Net Position:				
Net Investment in Capital Assets	107,106,582	191,848,830	298,955,412	0
Restricted For:				
Debt Service	0	2,144,901	2,144,901	0
Capital Projects	3,812,317	0	3,812,317	0
Community Environment	489,553	0	489,553	0
General Government	715,859	0	715,859	0
Public Health and Welfare Services	370,249	0	370,249	0
Security of Persons and Property	16,667,313	0	16,667,313	0
Streets	7,883,453	0	7,883,453	0
Nonexpendable Endowments	75,600	0	75,600	0
Champions Mill Inter-creditor Agreement	7,000,000	0	7,000,000	0
Rate Stabilization	0	9,000,000	9,000,000	0
Unrestricted (Deficit)	(28,287,605)	58,911,165	30,623,560	(40,025,505)
Total Net Position	\$ 115,833,321	\$ 261,904,896	\$ 377,738,217	\$ (40,025,505)

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2023

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 11,433,689	\$ 5,691,252	\$ 0	\$ 0
Security of Persons and Property	41,136,958	3,405,743	1,275,343	33,447
Leisure Time Activities	2,265,405	19,130	0	0
Community Environment	6,359,391	895,299	3,052,382	0
Basic Utility Services	6,850,578	8,087,268	0	0
Transportation	7,737,256	1,294,265	4,742,415	4,214,040
Public Health and Welfare Services	993,463	309,406	1,515,285	0
Interest and Fiscal Charges	4,132,743	0	0	0
Total Governmental Activities	<u>80,909,483</u>	<u>19,702,363</u>	<u>10,585,425</u>	<u>4,247,487</u>
Business-Type Activities:				
Gas Utility	17,653,720	16,183,246	0	0
Electric Utility	85,873,247	87,636,270	0	0
Water Utility	18,014,796	16,114,463	0	0
Wastewater Utility	13,674,621	13,514,647	0	0
Total Business-Type Activities	<u>135,216,384</u>	<u>133,448,626</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 216,125,867</u>	<u>\$ 153,150,989</u>	<u>\$ 10,585,425</u>	<u>\$ 4,247,487</u>
Component Unit:				
Hamilton Community Authority	\$ 6,521,200	\$ 1,321,554	\$ 2,258,426	\$ 0

General Revenues and Transfers

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2023

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Hamilton Community Authority
\$ (5,742,437)	\$ 0	\$ (5,742,437)	
(36,422,425)	0	(36,422,425)	
(2,246,275)	0	(2,246,275)	
(2,411,710)	0	(2,411,710)	
1,236,690	0	1,236,690	
2,513,464	0	2,513,464	
831,228	0	831,228	
(4,132,743)	0	(4,132,743)	
<u>(46,374,208)</u>	<u>0</u>	<u>(46,374,208)</u>	
0	(1,470,474)	(1,470,474)	
0	1,763,023	1,763,023	
0	(1,900,333)	(1,900,333)	
0	(159,974)	(159,974)	
<u>0</u>	<u>(1,767,758)</u>	<u>(1,767,758)</u>	
<u>\$ (46,374,208)</u>	<u>\$ (1,767,758)</u>	<u>\$ (48,141,966)</u>	
			<u>\$ (2,941,220)</u>
2,775,627	0	2,775,627	0
7,979,133	0	7,979,133	0
1,629,249	0	1,629,249	0
38,494,969	0	38,494,969	0
3,228,277	0	3,228,277	0
2,951,724	0	2,951,724	0
4,586,929	4,066,729	8,653,658	295,081
2,872,089	0	2,872,089	0
(2,256,385)	2,256,385	0	0
<u>62,261,612</u>	<u>6,323,114</u>	<u>68,584,726</u>	<u>295,081</u>
15,887,404	4,555,356	20,442,760	(2,646,139)
99,945,917	257,349,540	357,295,457	(37,379,366)
<u>\$ 115,833,321</u>	<u>\$ 261,904,896</u>	<u>\$ 377,738,217</u>	<u>\$ (40,025,505)</u>

CITY OF HAMILTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2023**

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Assets:				
Equity in Pooled Cash and Investments	\$ 14,363,645	\$ 15,678	\$ 8,565,431	\$ 20,067,238
Receivables:				
Taxes	9,942,023	0	874,989	0
Accounts	283,724	0	1,264,195	0
Intergovernmental	1,941,650	0	0	0
Interest	88,766	0	0	0
Special Assessments	0	0	0	0
Loans	4,480,000	0	28,240,096	0
Leases	2,581,892	0	0	0
Due from Other Funds	12,426	0	0	0
Interfund Receivable	3,376,019	0	0	0
Inventory of Supplies, at Cost	73,491	0	0	0
Prepaid Items	369,429	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	7,000,000	0	0	0
Cash and Cash Equivalents with Fiscal Agent	5,165,853	0	0	0
Total Assets	\$ 49,678,918	\$ 15,678	\$ 38,944,711	\$ 20,067,238
Liabilities:				
Accounts Payable	\$ 990,824	\$ 0	\$ 203,114	\$ 1,522,572
Accrued Wages and Benefits Payable	1,112,883	0	0	0
Intergovernmental Payable	657,669	0	0	0
Payroll Withholding Payable	74,401	0	0	0
Claims Payable	1,303,700	0	0	0
Due to Others	0	0	1,738,744	0
Accrued Liabilities	27,472	0	3,545	0
Customer Deposits	0	0	0	0
Due to Other Funds	0	0	0	0
Interfund Payable	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	611	5,622
General Obligation Notes Payable	0	0	2,500,000	23,000,000
Total Liabilities	4,166,949	0	4,446,014	24,528,194

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2023

	Other Governmental Funds	Total Governmental Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 41,902,001	\$ 84,913,993
Receivables:		
Taxes	11,963,760	22,780,772
Accounts	1,152,324	2,700,243
Intergovernmental	2,350,006	4,291,656
Interest	69,542	158,308
Special Assessments	413,512	413,512
Loans	3,590,678	36,310,774
Leases	42,063	2,623,955
Due from Other Funds	0	12,426
Interfund Receivable	0	3,376,019
Inventory of Supplies, at Cost	40,996	114,487
Prepaid Items	53,583	423,012
Restricted Assets:		
Cash and Cash Equivalents	0	7,000,000
Cash and Cash Equivalents with Fiscal Agent	0	5,165,853
Total Assets	\$ 61,578,465	\$ 170,285,010
Liabilities:		
Accounts Payable	\$ 1,652,934	\$ 4,369,444
Accrued Wages and Benefits Payable	110,685	1,223,568
Intergovernmental Payable	84,353	742,022
Payroll Withholding Payable	0	74,401
Claims Payable	0	1,303,700
Due to Others	0	1,738,744
Accrued Liabilities	4,431	35,448
Customer Deposits	4,640	4,640
Due to Other Funds	12,426	12,426
Interfund Payable	3,046,880	3,046,880
Due to Hamilton Community Authority	2,273,916	2,273,916
Accrued Interest Payable	1,454	7,687
General Obligation Notes Payable	5,950,000	31,450,000
Total Liabilities	13,141,719	46,282,876

(Continued)

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2023

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Deferred Inflows of Resources:				
Unavailable Amounts	5,049,642	0	1,675,825	0
Property Tax Levy for Next Fiscal Year	2,808,861	0	0	0
Leases	2,527,047	0	0	0
Total Deferred Inflows of Resources	10,385,550	0	1,675,825	0
Fund Balance:				
Nonspendable	4,943,018	0	0	0
Restricted	7,000,000	15,678	32,822,872	0
Committed	0	0	0	0
Assigned	5,273,482	0	0	0
Unassigned	17,909,919	0	0	(4,460,956)
Total Fund Balance	35,126,419	15,678	32,822,872	(4,460,956)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 49,678,918	\$ 15,678	\$ 38,944,711	\$ 20,067,238

CITY OF HAMILTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2023**

	Other Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources:		
Unavailable Amounts	3,433,727	10,159,194
Property Tax Levy for Next Fiscal Year	7,611,075	10,419,936
Leases	41,445	2,568,492
Total Deferred Inflows of Resources	<u>11,086,247</u>	<u>23,147,622</u>
Fund Balance:		
Nonspendable	169,579	5,112,597
Restricted	23,946,630	63,785,180
Committed	5,203,594	5,203,594
Assigned	9,689,740	14,963,222
Unassigned	(1,659,044)	11,789,919
Total Fund Balance	<u>37,350,499</u>	<u>100,854,512</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 61,578,465</u>	<u>\$ 170,285,010</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

Total Governmental Fund Balances		\$ 100,854,512
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		161,536,417
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		10,159,194
The net pension and OPEB liabilities are not due and payable in the current period, and the net OPEB asset is not an expendable financial resource; therefore, the liabilities/asset and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	30,487,542	
Deferred Inflows - Pension	(4,167,173)	
Net Pension Liability	(86,761,508)	
Deferred Outflows - OPEB	5,181,085	
Deferred Inflows - OPEB	(5,761,842)	
Net OPEB Liability	(5,567,998)	
Total OPEB Liability	(150,959)	(66,740,853)
Internal service funds are used by management to charge back costs of services to individual funds. The assets, liabilities, and deferred outflows/inflows of the Fleet Maintenance Fund are included in governmental activities in the statement of net position.		(1,366,378)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Deferred Loss on Refunding	64,307	
General Obligation Bonds Payable	(13,335,000)	
Special Obligation Non-Tax Revenue Bonds Payable	(31,740,000)	
Bond Premium	(226,561)	
Income Tax Revenue Bonds	(6,467,860)	
Ohio Water Development Authority Loans	(6,043,817)	
Installment Loans Payable	(22,456,396)	
Leases Payable	(194,404)	
SBITA Payable	(78,516)	
Claims Payable	(2,800,000)	
Compensated Absences Payable	(4,414,557)	
Accrued Interest Payable	(916,767)	(88,609,571)
 <i>Net Position of Governmental Activities</i>		 \$ 115,833,321

See accompanying notes to the basic financial statements



CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2023**

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Revenues:				
Income Taxes	\$ 29,601,361	\$ 0	\$ 3,798,060	\$ 0
Property and Other Local Taxes	5,912,137	0	0	0
Intergovernmental Revenues	4,011,538	242,229	1,828,747	0
Charges for Services	6,965,609	218,975	0	0
Licenses and Permits	1,021,747	198,100	0	0
Investment Earnings	2,373,732	645	125,560	1,426,290
Special Assessments	0	0	0	0
Fines and Forfeitures	577,867	0	0	0
All Other Revenue	603,208	1,501	174,761	193,200
Total Revenues	51,067,199	661,450	5,927,128	1,619,490
Expenditures:				
Current:				
General Government	7,936,067	0	0	0
Security of Persons and Property	30,016,838	0	0	0
Leisure Time Activities	1,590,000	0	0	0
Community Environment	702,907	0	0	0
Basic Utility Services	267,202	0	0	0
Transportation	0	0	0	0
Public Health and Welfare Services	0	922,515	0	0
Capital Outlay	0	0	4,447,279	12,239,173
Debt Service:				
Principal Retirement	576,803	0	60,528	0
Interest and Fiscal Charges	898,981	0	122,355	1,010,334
Total Expenditures	41,988,798	922,515	4,630,162	13,249,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,078,401	(261,065)	1,296,966	(11,630,017)
Other Financing Sources (Uses):				
Sale of Capital Assets	151,414	0	446,482	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	262,971	3,402,761	0
Transfers Out	(6,312,482)	0	(2,843,181)	0
Total Other Financing Sources (Uses)	(6,161,068)	262,971	1,006,062	0
Net Change in Fund Balance	2,917,333	1,906	2,303,028	(11,630,017)
Fund Balance at Beginning of Year	32,202,930	13,772	30,519,844	7,169,061
Increase in Inventory	6,156	0	0	0
Fund Balance End of Year	\$ 35,126,419	\$ 15,678	\$ 32,822,872	\$ (4,460,956)

CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2023**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Income Taxes	\$ 4,747,576	\$ 38,146,997
Property and Other Local Taxes	9,827,615	15,739,752
Intergovernmental Revenues	10,943,468	17,025,982
Charges for Services	8,826,251	16,010,835
Licenses and Permits	698,105	1,917,952
Investment Earnings	660,702	4,586,929
Special Assessments	898,782	898,782
Fines and Forfeitures	299,683	877,550
All Other Revenue	635,224	1,607,894
Total Revenues	37,537,406	96,812,673
Expenditures:		
Current:		
General Government	202,954	8,139,021
Security of Persons and Property	3,783,536	33,800,374
Leisure Time Activities	218,845	1,808,845
Community Environment	5,463,133	6,166,040
Basic Utility Services	7,076,347	7,343,549
Transportation	5,117,998	5,117,998
Public Health and Welfare Services	0	922,515
Capital Outlay	6,672,216	23,358,668
Debt Service:		
Principal Retirement	1,494,712	2,132,043
Interest and Fiscal Charges	2,014,938	4,046,608
Total Expenditures	32,044,679	92,835,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,492,727	3,977,012
Other Financing Sources (Uses):		
Sale of Capital Assets	35,871	633,767
OWDA Loans Issued	384,986	384,986
Transfers In	7,761,018	11,426,750
Transfers Out	(2,271,087)	(11,426,750)
Total Other Financing Sources (Uses)	5,910,788	1,018,753
Net Change in Fund Balance	11,403,515	4,995,765
Fund Balance at Beginning of Year	25,930,581	95,836,188
Increase in Inventory	16,403	22,559
Fund Balance End of Year	\$ 37,350,499	\$ 100,854,512

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

Net Change in Fund Balances - Total Governmental Funds \$ 4,995,765

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	18,582,501	
Depreciation Expense	(6,238,643)	12,343,858

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. This is the loss on disposal of capital assets, net of proceeds. (235,725)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,240,599

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	5,658,854	
OPEB	101,094	5,759,948

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities/assets are reported as pension/OPEB expense in the statement of activities:

Pension	(11,410,715)	
OPEB	127,873	(11,282,842)

The issuance of long-term debt provides current financial resources to governmental funds, however, has no effect on net position.

Ohio Water Development Authority Loan Issuance		(384,986)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net

General Obligation Bond Principal Payment	615,000	
Special Obligation Non-Tax Revenue Bond Principal Payment	80,000	
Special Assessment Bond Principal Payment	15,000	
Income Tax Revenue Bond Principal Payment	584,001	
OWDA Loan Principal Payment	171,476	
Installment Loan Principal Payment	534,235	
Lease Principal Payment	111,899	
SBITA Principal Payment	20,432	
Change in Deferred Loss on Refunding	(32,155)	
Change in Bond Premium/Discount	26,860	2,126,748

(Continued)

CITY OF HAMILTON, OHIO

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

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (80,840)

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	175,687	
Claims Payable	350,000	
Change in Inventory	22,559	548,246

Internal Service Funds are used by management to charge costs to individual funds and are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the Fleet Maintenance Fund is allocated among the governmental activities. (143,367)

Change in Net Position of Governmental Activities \$ 15,887,404

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 25,482,500	\$ 28,290,377	\$ 28,946,359	\$ 655,982
Property and Other Local Taxes	5,750,000	5,815,000	5,929,387	114,387
Intergovernmental Revenues	2,760,400	4,454,600	5,156,494	701,894
Charges for Services	18,865,668	18,865,668	15,283,080	(3,582,588)
Licenses and Permits	1,062,570	1,062,570	1,219,847	157,277
Investment Earnings	302,500	1,602,500	1,775,325	172,825
Fines and Forfeitures	421,318	421,318	566,654	145,336
All Other Revenue	326,525	451,684	480,219	28,535
Total Revenues	<u>54,971,481</u>	<u>60,963,717</u>	<u>59,357,365</u>	<u>(1,606,352)</u>
Expenditures:				
Current:				
Security of Persons and Property	35,991,250	39,769,704	37,899,679	1,870,025
Public Health and Welfare Services	1,218,946	1,117,231	985,431	131,800
Community Environment	1,419,052	1,487,700	1,484,426	3,274
Basic Utility Services	1,647,848	1,654,174	1,597,516	56,658
General Government	16,576,795	18,038,452	16,191,960	1,846,492
Total Expenditures	<u>56,853,891</u>	<u>62,067,261</u>	<u>58,159,012</u>	<u>3,908,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,882,410)	(1,103,544)	1,198,353	2,301,897
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	151,376	151,376
Transfers Out	(1,276,990)	(7,241,426)	(6,049,511)	1,191,915
Total Other Financing Sources (Uses):	<u>(1,276,990)</u>	<u>(7,241,426)</u>	<u>(5,898,135)</u>	<u>1,343,291</u>
Net Change in Fund Balance	(3,159,400)	(8,344,970)	(4,699,782)	3,645,188
Fund Balance at Beginning of Year	9,994,206	9,994,206	9,994,206	0
Prior Year Encumbrances	3,159,400	3,159,400	3,159,400	0
Fund Balance at End of Year	<u>\$ 9,994,206</u>	<u>\$ 4,808,636</u>	<u>\$ 8,453,824</u>	<u>\$ 3,645,188</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 424	\$ 354
All Other Revenue	1,425	1,425	1,501	76
Total Revenues	1,495	1,495	1,925	430
Expenditures:				
Current:				
Public Health and Welfare Services	500	500	240	260
Total Expenditures	500	500	240	260
Net Change in Fund Balance	995	995	1,685	690
Fund Balance at Beginning of Year	14,162	14,162	14,162	0
Fund Balance at End of Year	\$ 15,157	\$ 15,157	\$ 15,847	\$ 690

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2023**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 2,401,538	\$ 53,361,276	\$ 21,542,601
Restricted Cash and Investments	2,000,000	4,717,954	1,527,703
Receivables:			
Accounts	3,153,637	10,746,319	2,135,694
Interest	10,819	282,767	20,864
Leases	0	43,980	0
Inventory of Supplies at Cost	188,178	2,124,528	405,478
Prepaid Items	183,070	937,672	174,324
Total Current Assets	7,937,242	72,214,496	25,806,664
Noncurrent Assets:			
Leases Receivable	0	92,014	0
Non Depreciable Capital Assets	2,624,259	25,918,132	8,901,231
Depreciable Capital Assets, Net	27,198,812	95,924,184	89,065,268
Total Noncurrent Assets	29,823,071	121,934,330	97,966,499
Total Assets	37,760,313	194,148,826	123,773,163
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	119,045	266,102	399,238
Pension	1,390,397	6,567,128	2,194,993
OPEB	234,917	1,058,380	363,045
Total Deferred Outflows of Resources	1,744,359	7,891,610	2,957,276
Liabilities:			
Current Liabilities:			
Accounts Payable	1,061,997	4,732,829	508,115
Accrued Wages and Benefits	77,786	386,728	130,521
Intergovernmental Payable	36,498	180,867	60,023
Accrued Liabilities - Current	0	1,513	0
Customer Deposits Payable	580,278	2,167,447	227,836
Interfund Payable	0	0	0
Compensated Absences Payable - Current	206,012	799,617	351,122
Accrued Interest Payable	23,454	342,802	233,511
General Obligation Notes Payable	0	0	15,000,000
General Obligation Bonds Payable - Current	0	0	0
Revenue Bonds Payable - Current	665,000	1,425,000	1,005,000
Installment Loan Payable - Current	0	0	0
OWDA Loans Payable - Current	0	0	44,397
OPWC Loans Payable - Current	0	0	249,407
SBITA Payable - Current	0	0	0
Total Current Liabilities	2,651,025	10,036,803	17,809,932

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2023**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 14,218,013	\$ 91,523,428	\$ 65,868
Restricted Cash and Investments	2,899,244	11,144,901	0
Receivables:			
Accounts	1,766,330	17,801,980	0
Interest	68,087	382,537	0
Leases	0	43,980	0
Inventory of Supplies at Cost	1,339	2,719,523	35,719
Prepaid Items	98,461	1,393,527	0
Total Current Assets	19,051,474	125,009,876	101,587
Noncurrent Assets:			
Leases Receivable	0	92,014	0
Non Depreciable Capital Assets	6,776,706	44,220,328	0
Depreciable Capital Assets, Net	51,681,949	263,870,213	520,603
Total Noncurrent Assets	58,458,655	308,182,555	520,603
Total Assets	77,510,129	433,192,431	622,190
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	142,570	926,955	0
Pension	1,603,950	11,756,468	3,261,111
OPEB	269,063	1,925,405	518,930
Total Deferred Outflows of Resources	2,015,583	14,608,828	3,780,041
Liabilities:			
Current Liabilities:			
Accounts Payable	344,139	6,647,080	595,198
Accrued Wages and Benefits	95,939	690,974	180,623
Intergovernmental Payable	43,129	320,517	85,185
Accrued Liabilities - Current	0	1,513	0
Customer Deposits Payable	246,965	3,222,526	0
Interfund Payable	0	0	329,139
Compensated Absences Payable - Current	287,415	1,644,166	398,894
Accrued Interest Payable	350,119	949,886	0
General Obligation Notes Payable	3,300,000	18,300,000	0
General Obligation Bonds Payable - Current	25,000	25,000	0
Revenue Bonds Payable - Current	2,155,000	5,250,000	0
Installment Loan Payable - Current	127,976	127,976	0
OWDA Loans Payable - Current	55,488	99,885	0
OPWC Loans Payable - Current	201,413	450,820	0
SBITA Payable - Current	0	0	133,901
Total Current Liabilities	7,232,583	37,730,343	1,722,940

(Continued)

CITY OF HAMILTON, OHIO

Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Noncurrent Liabilities:			
General Obligation Bonds Payable	0	0	0
Revenue Bonds Payable	3,200,000	35,569,879	25,998,326
OWDA Loans Payable	0	0	634,049
OPWC Loans Payable	0	0	6,488,266
SBITA Payable	0	0	0
Compensated Absences Payable	127,348	667,283	269,913
Net Pension Liability	3,403,015	16,078,320	5,375,273
Net OPEB Liability	74,619	352,559	117,863
Total OPEB Liability	150,959	150,959	150,959
Total Noncurrent Liabilities	6,955,941	52,819,000	39,034,649
Total Liabilities	9,606,966	62,855,803	56,844,581
Deferred Inflows of Resources:			
Leases	0	134,007	0
Pension	81,763	386,320	129,150
OPEB	147,629	239,294	161,892
Total Deferred Inflows of Resources	229,392	759,621	291,042
Net Position:			
Net Investment in Capital Assets	26,073,506	87,286,232	63,811,281
Restricted for Debt Service	0	717,954	527,703
Restricted for Rate Stabilization	2,000,000	4,000,000	1,000,000
Unrestricted	1,594,808	46,420,826	4,255,832
Total Net Position	\$ 29,668,314	\$ 138,425,012	\$ 69,594,816

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2023**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Noncurrent Liabilities:			
General Obligation Bonds Payable	420,000	420,000	0
Revenue Bonds Payable	31,390,948	96,159,153	0
OWDA Loans Payable	1,513,564	2,147,613	0
OPWC Loans Payable	5,214,480	11,702,746	0
SBITA Payable	0	0	271,478
Compensated Absences Payable	223,909	1,288,453	263,550
Net Pension Liability	3,928,652	28,785,260	7,987,695
Net OPEB Liability	86,146	631,187	175,153
Total OPEB Liability	150,959	603,836	0
Total Noncurrent Liabilities	42,928,658	141,738,248	8,697,876
Total Liabilities	50,161,241	179,468,591	10,420,816
Deferred Inflows of Resources:			
Leases	0	134,007	0
Pension	94,393	691,626	191,923
OPEB	151,429	700,244	57,765
Total Deferred Inflows of Resources	245,822	1,525,877	249,688
Net Position:			
Net Investment in Capital Assets	14,677,811	191,848,830	115,224
Restricted for Debt Service	899,244	2,144,901	0
Restricted for Rate Stabilization	2,000,000	9,000,000	0
Unrestricted	11,541,594	63,813,060	(6,383,497)
Total Net Position	\$ 29,118,649	\$ 266,806,791	\$ (6,268,273)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			
		(4,901,895)	
Net Position of Business-type Activities		\$ 261,904,896	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Operating Revenues:			
Charges for Services	\$ 16,052,435	\$ 87,241,035	\$ 15,801,960
Other Operating Revenues	130,811	395,235	312,503
Total Operating Revenues	<u>16,183,246</u>	<u>87,636,270</u>	<u>16,114,463</u>
Operating Expenses:			
Personal Services	2,698,546	10,815,824	4,625,676
Contractual Services	1,728,592	8,167,896	3,895,597
Materials and Supplies	261,848	1,098,034	1,964,991
Purchase of Gas and Electric	6,377,126	52,501,719	0
Depreciation	2,251,076	7,058,863	3,539,798
Other Operating Expenses	4,181,557	4,065,684	3,112,219
Total Operating Expenses	<u>17,498,745</u>	<u>83,708,020</u>	<u>17,138,281</u>
Operating Income (Loss)	(1,315,499)	3,928,250	(1,023,818)
Non-Operating Revenue (Expenses):			
Interest Income	262,751	2,620,870	305,702
Interest and Fiscal Charges	(150,311)	(1,246,036)	(860,275)
Loss on Disposal of Capital Assets	(4,664)	(216,733)	(16,240)
Total Non-Operating Revenues (Expenses)	<u>107,776</u>	<u>1,158,101</u>	<u>(570,813)</u>
Income (Loss) Before Transfers and Contributions	(1,207,723)	5,086,351	(1,594,631)
Transfers and Contributions:			
Transfers In	0	0	807,800
Transfers Out	0	0	0
Capital Contributions	0	0	2,256,385
Total Transfers and Contributions	<u>0</u>	<u>0</u>	<u>3,064,185</u>
Change in Net Position	(1,207,723)	5,086,351	1,469,554
Net Position Beginning of Year	30,876,037	133,338,661	68,125,262
Net Position End of Year	<u>\$ 29,668,314</u>	<u>\$ 138,425,012</u>	<u>\$ 69,594,816</u>

CITY OF HAMILTON, OHIO

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

	Wastewater	Total	Governmental Activities - Internal Service Funds
Operating Revenues:			
Charges for Services	\$ 13,386,434	\$ 132,481,864	\$ 12,778,485
Other Operating Revenues	128,213	966,762	51,838
Total Operating Revenues	13,514,647	133,448,626	12,830,323
Operating Expenses:			
Personal Services	3,460,519	21,600,565	6,973,067
Contractual Services	2,570,752	16,362,837	4,193,218
Materials and Supplies	370,912	3,695,785	2,105,694
Purchase of Gas and Electric	0	58,878,845	0
Depreciation	2,878,012	15,727,749	141,744
Other Operating Expenses	2,890,004	14,249,464	262,783
Total Operating Expenses	12,170,199	130,515,245	13,676,506
Operating Income (Loss)	1,344,448	2,933,381	(846,183)
Non-Operating Revenue (Expenses):			
Interest Income	877,406	4,066,729	358
Interest and Fiscal Charges	(1,438,095)	(3,694,717)	0
Loss on Disposal of Capital Assets	(66,327)	(303,964)	0
Total Non-Operating Revenues (Expenses)	(627,016)	68,048	358
Income (Loss) Before Transfers and Contributions	717,432	3,001,429	(845,825)
Transfers and Contributions:			
Transfers In	0	807,800	0
Transfers Out	(807,800)	(807,800)	0
Capital Contributions	0	2,256,385	0
Total Transfers and Contributions	(807,800)	2,256,385	0
Change in Net Position	(90,368)	5,257,814	(845,825)
Net Position Beginning of Year	29,209,017	261,548,977	(5,422,448)
Net Position End of Year	\$ 29,118,649	\$ 266,806,791	\$ (6,268,273)
Change in Net Position - Total Enterprise Funds		\$ 5,257,814	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.		(702,458)	
Change in Net Position - Business-type Activities		\$ 4,555,356	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$16,411,181	\$86,676,547	\$16,054,428
Cash Payments for Goods and Services	(13,169,614)	(63,453,688)	(9,081,633)
Cash Payments to Employees	(2,823,961)	(12,937,885)	(4,460,182)
Net Cash Provided (Used) by Operating Activities	<u>417,606</u>	<u>10,284,974</u>	<u>2,512,613</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,251,044	0
Kilowatt Hour Tax Paid to State	0	(2,251,044)	0
Transfers In from Other Funds	0	0	807,800
Transfers Out to Other Funds	0	0	0
Advances In from Other Funds	0	0	0
Advances Out to Other Funds	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>807,800</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Note Retirement	0	0	0
General Obligation Bond Principal Retirement	0	0	0
Note Proceeds	0	0	15,000,000
Premium on Debt Issuance	0	0	126,000
Revenue Bond Principal Retirement	(655,000)	(1,355,000)	(970,000)
OWDA Loan Proceeds	0	0	0
OWDA Loan Principal Retirement	0	0	(43,811)
OPWC Loan Principal Retirement	0	0	(249,407)
Installment Loan Principal Retirement	0	0	0
SBITA Principal Retirement	0	0	0
Interest and Fiscal Charges	(123,954)	(1,409,975)	(1,086,624)
Acquisition and Construction of Assets	(561,448)	(4,170,782)	(2,408,056)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,340,402)</u>	<u>(6,935,757)</u>	<u>10,368,102</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	165,890	1,633,187	308,032
Change in the Fair Value of Investments	94,405	836,822	(2,373)
Net Cash Provided by Investing Activities	<u>260,295</u>	<u>2,470,009</u>	<u>305,659</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(662,501)	5,819,226	13,994,174
Cash and Cash Equivalents at Beginning of Year	5,064,039	52,260,004	9,076,130
Cash and Cash Equivalents at End of Year	<u>\$4,401,538</u>	<u>\$58,079,230</u>	<u>\$23,070,304</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$2,401,538	\$53,361,276	\$21,542,601
Restricted Cash and Cash Equivalents	2,000,000	4,717,954	1,527,703
Cash and Cash Equivalents at End of Year	<u>\$4,401,538</u>	<u>\$58,079,230</u>	<u>\$23,070,304</u>

CITY OF HAMILTON, OHIO

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

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$13,595,311	\$132,737,467	\$12,830,323
Cash Payments for Goods and Services	(5,909,051)	(91,613,986)	(6,327,614)
Cash Payments to Employees	(3,265,874)	(23,487,902)	(6,523,941)
Net Cash Provided (Used) by Operating Activities	<u>4,420,386</u>	<u>17,635,579</u>	<u>(21,232)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,251,044	0
Kilowatt Hour Tax Paid to State	0	(2,251,044)	0
Transfers In from Other Funds	0	807,800	0
Transfers Out to Other Funds	(807,800)	(807,800)	0
Advances In from Other Funds	0	0	329,139
Advances Out to Other Funds	0	0	(293,848)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(807,800)</u>	<u>0</u>	<u>35,291</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Note Retirement	(3,300,000)	(3,300,000)	0
General Obligation Bond Principal Retirement	(25,000)	(25,000)	0
Note Proceeds	3,300,000	18,300,000	0
Premium on Debt Issuance	27,720	153,720	0
Revenue Bond Principal Retirement	(2,085,000)	(5,065,000)	0
OWDA Loan Proceeds	311,040	311,040	0
OWDA Loan Principal Retirement	(35,965)	(79,776)	0
OPWC Loan Principal Retirement	(201,413)	(450,820)	0
Installment Loan Principal Retirement	(124,913)	(124,913)	0
SBITA Principal Retirement	0	0	(100,300)
Interest and Fiscal Charges	(1,555,979)	(4,176,532)	0
Acquisition and Construction of Assets	(1,457,379)	(8,597,665)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,146,889)</u>	<u>(3,054,946)</u>	<u>(100,300)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	547,449	2,654,558	0
Change in the Fair Value of Investments	303,319	1,232,173	358
Net Cash Provided by Investing Activities	<u>850,768</u>	<u>3,886,731</u>	<u>358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(683,535)	18,467,364	(85,883)
Cash and Cash Equivalents at Beginning of Year	17,800,792	84,200,965	151,751
Cash and Cash Equivalents at End of Year	<u>\$17,117,257</u>	<u>\$102,668,329</u>	<u>\$65,868</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$14,218,013	\$91,523,428	\$65,868
Restricted Cash and Cash Equivalents	2,899,244	11,144,901	0
Cash and Cash Equivalents at End of Year	<u>\$17,117,257</u>	<u>\$102,668,329</u>	<u>\$65,868</u>

(Continued)

CITY OF HAMILTON, OHIO

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

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$1,315,499)	\$3,928,250	(\$1,023,818)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	2,251,076	7,058,863	3,539,798
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	227,935	(958,012)	(60,035)
(Increase) Decrease in Inventory	9,298	(309,385)	(1,408)
Increase in Prepaid Items	(17,846)	(264,985)	(20,526)
Decrease in Lease Receivable	0	42,682	0
Decrease in Net OPEB Asset	421,801	1,891,521	607,701
Increase in Deferred Outflows of Resources	(1,091,786)	(5,336,476)	(1,802,348)
Increase (Decrease) in Accounts Payable	(559,106)	201,751	(73,318)
Decrease in Accrued Wages and Benefits	(44,853)	(145,373)	(50,144)
Increase (Decrease) in Customer Deposits Payable	(56,264)	471,916	(14,034)
Increase in Accrued Liabilities	0	276	0
Increase (Decrease) in Intergovernmental Payable	(645)	17,602	5,722
Increase in Compensated Absences	13,264	136,439	54,880
Increase in Net Pension Liability	2,258,803	10,947,216	3,726,779
Increase in Net OPEB Liability	74,619	352,559	117,863
Decrease in Total OPEB Liability	(99,592)	(99,592)	(99,592)
Decrease in Deferred Inflows of Resources	(1,653,599)	(7,650,278)	(2,394,907)
Total Adjustments	<u>1,733,105</u>	<u>6,356,724</u>	<u>3,536,431</u>
Net Cash Provided (Used) by Operating Activities	<u>\$417,606</u>	<u>\$10,284,974</u>	<u>\$2,512,613</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

At December 31, 2023 the Gas, Electric, Water, and Wastewater Funds had outstanding liabilities of \$3,610, \$127,695, \$135,011, and \$180,604, respectively, for the purchase of certain capital assets.

During 2023, the Water Fund received contributed capital from the Wastewater Fund and Governmental Funds in the amounts of \$807,800 and \$2,256,385, respectively.

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$1,344,448	\$2,933,381	(\$846,183)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	2,878,012	15,727,749	141,744
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	80,664	(709,448)	0
(Increase) Decrease in Inventory	659	(300,836)	6,681
Increase in Prepaid Items	(8,668)	(312,025)	0
Decrease in Lease Receivable	0	42,682	0
Decrease in Net OPEB Asset	429,005	3,350,028	871,097
Increase in Deferred Outflows of Resources	(1,330,708)	(9,561,318)	(2,739,656)
Increase (Decrease) in Accounts Payable	(56,716)	(487,389)	227,667
Decrease in Accrued Wages and Benefits	(37,061)	(277,431)	(75,776)
Increase (Decrease) in Customer Deposits Payable	(13,041)	388,577	0
Increase in Accrued Liabilities	0	276	0
Increase (Decrease) in Intergovernmental Payable	4,969	27,648	2,965
Increase in Compensated Absences	45,662	250,245	103,295
Increase in Net Pension Liability	2,764,896	19,697,694	5,624,670
Increase in Net OPEB Liability	86,146	631,187	175,153
Decrease in Total OPEB Liability	(99,592)	(398,368)	0
Decrease in Deferred Inflows of Resources	(1,668,289)	(13,367,073)	(3,512,889)
Total Adjustments	3,075,938	14,702,198	824,951
Net Cash Provided (Used) by Operating Activities	<u>\$4,420,386</u>	<u>\$17,635,579</u>	<u>(\$21,232)</u>

CITY OF HAMILTON, OHIO

***Statement of Net Position
Fiduciary Funds
December 31, 2023***

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	\$ 581,481
Receivables:	
Special Assessments	30,637,102
Total Assets	<u>31,218,583</u>
Liabilities:	
Intergovernmental Payable	222,560
Due to Others	2,230
Due to Hamilton Community Authority	30,637,102
Total Liabilities	<u>30,861,892</u>
Net Position:	
Restricted For:	
Individuals and Other Governments	356,691
Total Net Position	<u>\$ 356,691</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Custodial Funds
Additions:	
Fines and Forfeiture Collections for Other Governments	\$ 2,013,432
Contributions Received for Others	9,373
Tax Collections for Other Governments	3,311,502
Receipt of Seized Property Held for Others	123,849
Total Additions	<u>5,458,156</u>
Deductions:	
Distribution of Fines and Forfeitures to Other Governments	2,013,432
Distribution of Contributions Received for Others	9,373
Distribution of Taxes to Other Governments	3,311,502
Distribution of Seized Property Held for Others	50,275
Total Deductions	<u>5,384,582</u>
Change in Net Position	73,574
Net Position at Beginning of Year	283,117
Net Position End of Year	<u>\$ 356,691</u>

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Hamilton, Ohio (the City) is a home rule municipal corporation created under the auspices of the laws and constitution of the State of Ohio. The origins of the City date back as early as 1791. In 1803, the State of Ohio officially created Butler County and named the City as the county seat in 1810. Hamilton operates under a city charter adopted November 2, 1926 which became effective on January 1, 1928. The current charter, as amended, was adopted November 7, 2000 and became effective on January 1, 2001.

A seven-member council elected by voters of the City governs the City. The Mayor, who is separately elected, is recognized as the official head of the City for all ceremonial purposes. The City also elects a municipal court judge (the Judge) to preside over the proceedings of the Hamilton Municipal Court. The Judge is elected to a six-year term.

The City Council appoints the City Manager who serves as Chief Executive Officer and Director of Public Safety. He is charged with the proper administration of all city affairs. The City Manager appoints all Directors and the Deputy City Manager-Operations, to whom the various utility systems' directors report. The City Manager also appoints the Finance Director, who acts as the Chief Financial Officer, as well as, the Directors of Law, Planning, Economic Development, Public Works, Health, Information Technology, the Chiefs of Police and Fire, and the Directors of the Electric and Gas and Water Utilities. Ultimately, the City Manager retains the power to appoint and remove all department heads, subordinate staff and employees and exercises control over all departments.

The services provided under the direction of the City Manager as delegated to each of the subordinate Directors and their departments comprise the primary government unit of the City. They have therefore been included as part of the reporting entity. The funds, agencies, boards and commissions that are a part of the primary government include the following services: operation of a municipal court, police and fire protection, health, parks and recreation, street maintenance, and other governmental services. In addition, the City owns and operates a gas distribution system, electric generation facilities and distribution system, a water treatment and distribution system, a wastewater treatment and collection system, all of which are reported as enterprise funds (business type-major). The City also operates parking facilities, athletic facilities, and two golf courses, which are reported as special revenue funds (governmental – non-major).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The reporting entity is composed of the primary government, component units and other organizations. The primary government includes all funds, organizations, activities and component units for which the City (the primary government) is financially accountable and that are not legally separate.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if it appoints a voting majority of the organization's governing board and either (1) the City is able to significantly influence the programs or services performed or provided by the organization, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City reports one blended component unit and one discretely presented component unit.

Blended Component Unit - The City of Hamilton Health Department (the "Health Department") is a blended component unit of the City. The constitution and laws of the State of Ohio establish the rights and privileges of the Health Department as a body corporate and politic. A six-member Board and a Health Commissioner govern the Health Department. The Health Department's services include communicable disease investigations, immunization clinics, and inspections, and the Health Department issues health-related licenses and permits. Although it is legally separate from the City, the Health Department is reported as if it were part of the primary government due to the fact that the City manager appoints the members of the Board, the City provides operating support and approves the budget, and any debt of the Health Department is expected to be repaid entirely or almost entirely with resources of the City. Complete financial statements can be obtained from the City of Hamilton Department of Finance, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

Discretely Presented Component Unit - The component unit column on the government-wide financial statements includes the financial data of the City's discretely presented component unit, the Hamilton Community Authority (the "Authority").

The Authority is a community authority created pursuant to Chapter 349 of the Ohio Revised Code. The City of Hamilton, Ohio (the "Developer") filed a petition (the "Petition") for creation of the Authority with the Clerk of Council of the City of Hamilton, Ohio, and the petition was accepted by Ordinance No. OR2017-5-62 of the City Council on May 24, 2017. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

By its Ordinance, the City of Hamilton determined the Authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community authority as described in the Ohio Revised Code. The Authority thereby was organized as a body corporate and politic in the State.

By law, the Authority is governed by a seven-member board of trustees. At inception, the City Council of the City of Hamilton, Ohio appointed four of the trustees and the remaining three trustees were appointed by the Developer. The Authority is included as a component unit of the City due to the fact that the City appoints a voting majority of the Authority board, and the City can impose its will on the Authority by influencing the projects and activities of the Authority. Complete financial statements can be obtained from the City of Hamilton Department of Finance, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org. See note 22.

The City participates in four governmental joint ventures: three Hamilton-Indian Springs Joint Economic Development Districts (JEDD), the Ohio Municipal Electric Generation Agency (OMEGA) JV2, and the Meldahl Hydroelectric Project. The City also participates in the following jointly governed organizations: American Municipal Power (AMP) Inc., the Transportation Improvement District (TID) of Butler County, the Butler County Emergency Management Agency (EMA), the Hamilton Community Improvement Corporation (CIC), the Hamilton Economic Development Corporation (HEDC), and the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). These organizations are presented in Note 19 and Note 20 to the basic financial statements and are excluded from the accompanying financial statements except as noted.

As a custodian of public funds, the City invests all public monies held on deposit in the City Treasury. In the case of the Hamilton-Indian Springs Joint Economic Development Districts (the "JEDD"), a legally separate district, the City serves as fiscal agent but the organization is not considered a part of the City. The JEDD has a five-member board of trustees for which the City appoints one member and for which the City is not financially accountable. The JEDD was formed under the auspices of Ohio Revised Code Charter 715 to facilitate commercial and economic development within a specific territory completely located within the boundaries of then Indian Springs, now Fairfield Township. The JEDD has levied an income tax equal to the income tax rate charged within the City of Hamilton (2%) on all compensation earned by employees working in the JEDD. Income tax collections net of collection expenses and refunds are first applied to District operating expenses in accordance with the District's Budget, then to any long-term maintenance set aside, with any surplus to be paid to Hamilton and Fairfield Township according to contractual percentages. The JEDD is a joint venture of the City, which is more fully explained in Note 19 to the basic financial statements. Accordingly, the activity of the JEDD is presented as a custodial fund (fiduciary) within the City's financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

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

Health Department Fund - This fund is used to account for the activities of the health department, which are funded by contributions from the general fund, charges for services, and grants.

Hamilton Capital Improvement Fund - This fund is used to account for revenue from one-fourth of one percent (.25%) of the City income tax receipts. Funds are to be used for capital acquisition for Police, Fire, Public Works, Parks and Recreation and Public Health. Funds may also be used to retire outstanding General Obligation Bonds and Notes issued for capital acquisition.

Criminal Justice Center Construction Fund - This fund is used to account for debt proceeds and other sources to be used for construction of a new justice center, which will house the police department and municipal court.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

Gas Fund – To account for the operation of the City's gas service.

Electric Fund – To account for the operation of the City's electric service.

Water Fund – To account for the operation of the City's water system.

Wastewater Fund – To account for the operation of the City's wastewater system.

Internal Service Funds – These funds are used to account for fleet management services and costs of certain goods or services provided to other departments or agencies of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: custodial funds, pension trust funds, investment trust funds, and private-purpose trust funds. The City has six custodial funds. The Rounding Up Utility Account Fund is used to account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred. The Butler County Annexation Tax Fund is used to account for income taxes obtained from a special annexation of contiguous property to Hamilton. The Joint Economic Development District (JEDD) Fund is used to account for the receipt and disbursement of income tax revenue pursuant to Section 11 of the Joint Economic Development District Agreement with Indian Springs/Fairfield Township, the 2004 Joint Economic Development District Agreement with Indian Springs/Fairfield Township, and Section 5 of the 2017 amendment to the Hamilton-Indian Springs Joint Economic Development District Contract with Fairfield Township. The Municipal Court Fund accounts for funds that flow through the municipal court office. The Property Assessed Clean Energy Fund accounts for special assessments collected and remitted to the Hamilton Community Authority.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds (Continued)

The Police Property Room Fund is used to account for the receipt of items remaining in the custody of the police department (the City will hold the items for a certain period of time at which they will be auctioned or disposed). Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. These balances appear as internal balances on the statement of net position. Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Licenses, permits, charges for services and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, 2023, are recorded as deferred inflows of resources. Property taxes, which are measurable at December 31, 2023 but are not intended to finance 2023 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and custodial funds. Revenues are recognized when they are earned and expenses recognized when incurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

As required by charter, an annual appropriation ordinance must be adopted prior to the beginning of the fiscal year. The appropriation ordinance establishes spending controls at the fund, department and object level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. During the year, several supplemental appropriations were necessary to budget contingency funds, intergovernmental grants and proceeds of debt issues. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual for the General Fund and Major Special Revenue Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrance

As part of formal budgetary controls, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis.

CITY OF HAMILTON, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary cash basis statement for the General Fund and Major Special Revenue Fund:

	Net Change in Fund Balance	
	General Fund	Health Department Fund
GAAP Basis (as reported)	\$2,917,333	\$1,906
Increase (Decrease):		
Accrued Revenues at December 31, 2023 received during 2024	(14,963,384)	0
Accrued Revenues at December 31, 2022 received during 2023	9,331,876	0
Accrued Expenditures at December 31, 2023 paid during 2024	4,166,949	0
Accrued Expenditures at December 31, 2022 paid during 2023	(6,600,251)	0
Change in the Fair Value of Investments	(529,919)	(221)
Change in Interfund Balances	(962,915)	0
2022 Prepays for 2023	285,249	0
2023 Prepays for 2024	(369,429)	0
Outstanding Encumbrances	(1,844,278)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	3,868,987	0
Budget Basis	(\$4,699,782)	\$1,685

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and short-term securities with original maturities of three months or less. STAR Ohio is considered a cash equivalent because it is a highly liquid investment. See Note 4, "Cash, Cash Equivalents and Investments."

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4, "Cash, Cash Equivalents and Investments".

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

Inventories are stated at moving average cost. The costs of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. The costs of proprietary fund inventories are recorded as expenses when consumed rather than when purchased.

I. Prepaid Items

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds. Leased assets are measured at the present value of lease payments expected to be made during the lease term.

3. Depreciation

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

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	40
Improvements Other than Buildings	40
Machinery, Equipment, Furniture and Fixtures	5 – 10
Infrastructure	25 – 75
Intangible Assets – FERC License	50
Leased Assets/SBITA	5 - 10

CITY OF HAMILTON, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation/Income Tax Revenue/Special Obligation Non-Tax Revenue Bonds	Debt Service Fund, Parking Fund Golf Course Fund, Wastewater Fund
OWDA/OPWC Loans	Water Fund, Wastewater Fund, Stormwater Management Fund
Special Assessment Bonds	Debt Service Fund
Revenue Bonds	Gas Fund, Electric Fund, Water Fund Wastewater Fund
Leases Payable	General Fund, Hamilton Capital Improvement Fund
SBITA	Hamilton Capital Improvement Fund, Central Services Fund
Installment Loans	General Fund, Stormwater Fund, Wastewater Fund
Total OPEB Liability	General Fund, Gas Fund, Electric Fund, Water Fund, Wastewater Fund
Compensated Absences/Net Pension Liability/Net OPEB Liability	General Fund, Safety Services Fund, Refuse Fund, Street Maintenance Fund Community Development Block Grant Fund Gas Fund, Electric Fund, Water Fund Wastewater Fund, Parking Fund Golf Course Fund, Fleet Maintenance Fund Central Services Fund

L. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” The long-term portion of the liability is reported in the Government-wide Statements under Long-term Liabilities.

M. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Pension/OPEB

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

O. Interfund Activity

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. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

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

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

In 2012, City Council enacted Budget and Financial Policies (R2012-6-25), which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. If the General Fund reserve rises above 16% of General Fund revenue at fiscal year end, the amount over 16% will be swept into the Economic Development Capital Projects Fund and/or the Economic Budget Stabilization Fund, which can be expended only through special action by City Council. At December 31, 2023, the balance in the Economic Budget Stabilization Fund was \$1,200,000 and is reported in unassigned fund balance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited to debt service payments and rate stabilization. Restricted cash in the General Fund represents resources set aside for the payment of health insurance claims, as well as amounts set aside pursuant to the Champions Mill Inter-creditor Agreement.

R. Operating Revenues and Expenses

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

S. Estimates

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

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows are also reported on the government-wide and fund financial statements for lease receivable amounts to be received in future years. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

U. Leases Receivable

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Deferred inflows of resources related to lease receivables are recorded initially as equal to the amount of the initial measurement of the lease receivable and subsequently recognized as revenue in a systematic and rational manner over the term of the lease.

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CITY OF HAMILTON, OHIO

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

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Health Department Fund	Hamilton Capital Improvement Fund	Criminal Justice Center Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$73,491	\$0	\$0	\$0	\$40,996	\$114,487
Prepaid Items	369,429	0	0	0	53,583	423,012
Loans Receivable	4,480,000	0	0	0	0	4,480,000
Unclaimed Funds	20,098	0	0	0	0	20,098
Permanent Fund Corpus	0	0	0	0	75,000	75,000
Total Nonspendable	4,943,018	0	0	0	169,579	5,112,597
Restricted:						
Public Safety	0	0	0	0	7,906,063	7,906,063
Public Health	0	15,678	0	0	0	15,678
County Court Computer Improvements	0	0	0	0	452,604	452,604
Dispute Resolution	0	0	0	0	50,356	50,356
Addiction Treatment	0	0	0	0	354,571	354,571
Law Enforcement	0	0	0	0	7,573,480	7,573,480
Street Maintenance	0	0	0	0	6,542,741	6,542,741
Community Development	0	0	0	0	427,469	427,469
Fire Insurance Deposits	0	0	0	0	172,294	172,294
Capital Improvements	0	0	32,822,872	0	466,452	33,289,324
Permanent Fund Corpus	0	0	0	0	600	600
Champions Mill Intercreditor Agreement	7,000,000	0	0	0	0	7,000,000
Total Restricted	7,000,000	15,678	32,822,872	0	23,946,630	63,785,180
Committed:						
Stormwater Operations	0	0	0	0	3,236,058	3,236,058
Refuse Operations	0	0	0	0	1,799,191	1,799,191
Parking Operations	0	0	0	0	142,573	142,573
Golf Course Operations	0	0	0	0	25,772	25,772
Total Committed	0	0	0	0	5,203,594	5,203,594
Assigned:						
Capital Improvements	0	0	0	0	9,689,740	9,689,740
Services and Supplies	557,751	0	0	0	0	557,751
Worker's Compensation	4,715,731	0	0	0	0	4,715,731
Total Assigned	5,273,482	0	0	0	9,689,740	14,963,222
Unassigned (Deficits):	17,909,919	0	0	(4,460,956)	(1,659,044)	11,789,919
Total Fund Balances	\$35,126,419	\$15,678	\$32,822,872	(\$4,460,956)	\$37,350,499	\$100,854,512

Champions Mill Inter-creditor Agreement – The City has restricted \$7,000,000 of non-tax revenues pursuant to an inter-creditor agreement with Central Bank and Trust (the “Bank”) and Champions Mill Land LLC (the “Developer”). A financing commitment from the Bank to the Developer for the Spooky Nook Project is conditional upon the City establishing the reserve fund. The City is required to maintain these reserves until December 31, 2026.

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

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities – The following funds had deficit fund balance/net position amounts at December 31, 2023:

Fund	Fund Balance/ Net Position Deficit
<i>Nonmajor Governmental Funds</i>	
<i>Capital Projects Funds:</i>	
Criminal Justice Center Construction Fund	\$4,460,956
Special Assessment Fund	1,659,044
<i>Internal Service Funds</i>	
Fleet Maintenance	1,366,378
Central Services	4,901,895

The deficit occurring in the Special Assessment Fund is due to interfund payables reported in the fund. The deficit occurring in the Criminal Justice Center Construction Fund is due to notes payable reported in the fund. As cash is received and the payables liquidated, the deficits will be eliminated.

The deficits in the Fleet Maintenance Fund and Central Services Fund have occurred due to recognition of liabilities at year-end. The Internal Service Funds operate as a rotary fund and cash is recognized as revenue operationally only after an actual expense is made. These deficits will be eliminated by future charges for services. A portion of these deficits are the result of accounting for the net pension/OPEB liability for which there is no repayment schedule.

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

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

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

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

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

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

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

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

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

CITY OF HAMILTON, OHIO

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

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

A. Deposits

Custodial Credit Risk

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 does not have a custodial credit risk policy.

As of December 31, 2023, \$9,836,110 of the City’s bank balance of \$10,700,004 was exposed to custodial credit risk since it was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

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

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
Money Market Mutual Fund ³	\$18,722,456	AA+ ¹	NA	10.15%	\$18,722,456	\$0	\$0
Marketable CDs	3,897,080	AAA ⁴	Level 2	2.11%	2,691,765	950,386	254,929
Commercial Paper	1,643,375	A-1+ ¹	Level 2	0.89%	1,643,375	0	0
STAR Ohio ³	50,430,628	AAA ¹	NA	27.33%	50,430,628	0	0
Municipal Bonds	1,494,202	Aa ²	Level 2	0.81%	336,816	0	1,157,386
FNMA	3,048,487	AA+ ¹	Level 2	1.65%	957,990	2,090,497	0
PEFCO	2,506,299	AA+ ¹	Level 2	1.36%	0	0	2,506,299
TNNLL	2,138,966	AA+ ¹	Level 2	1.16%	0	570,991	1,567,975
FFCB	26,253,587	AA+ ¹	Level 2	14.23%	3,939,460	8,682,930	13,631,197
FAMC	1,788,168	AA+ ¹	Level 2	0.97%	0	0	1,788,168
FHLB	19,982,660	AA+ ¹	Level 2	10.83%	1,946,881	15,140,018	2,895,761
FHLMC	7,937,964	AA+ ¹	Level 2	4.30%	2,440,675	4,629,499	867,790
US Treasury Notes	44,678,824	N/A	Level 1	24.21%	7,265,944	15,612,209	21,800,671
Total Investments	<u>\$184,522,696</u>			<u>100.00%</u>	<u>\$90,375,990</u>	<u>\$47,676,530</u>	<u>\$46,470,176</u>

¹ Standard & Poor’s

² Moody’s

³ Reported at amortized cost

⁴ All are fully FDIC insured and therefore have an implied AAA credit rating

Custodial Credit Risk

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 employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

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

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

B. Investments (Continued)

Interest Rate Risk

The risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

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 the highest credit quality rating issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

C. Benninghofen Trust

The Benninghofen Trust Fund reports the endowment bequeathed to the City from the estate of Christian Benninghofen. The endowment is to be held permanently by the City and invested and reinvested in bonds issued by the United States, the State of Ohio, or any County, as well as municipal bonds issued by such subdivisions with the State of Ohio. Earnings from the endowment are to be used for the purpose of assisting and aiding the needy poor of the City. The City disburses earnings from the endowment quarterly.

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 2023. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

The full tax rate for the City's operations for the year ended December 31, 2023 was \$10.71 per \$1,000 of assessed value. The assessed value upon which the 2023 receipts were based was \$971,829,910. This amount constitutes \$963,823,710 in real property assessed value and \$8,006,200 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.071% (10.71 mills) of assessed value.

Real Estate Tax Abatement

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

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

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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

Below is the amount of taxes abated for the Enterprise Zone Program for the year ending December 31, 2023.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2023
<i>Enterprise Zone</i>	
3DSL Properties, LLC	\$62,389
80 Acres Urban Agriculture, LLC	15,617
Bethesda Hospital and Duke Realty	226,700
Concord Hamiltonian Riverfront	41,431
GR3 Sandbox Partners LLC	10,926
Matandy Steel & Metal Products	31,163
SAICA Pack US LLC	332,807
Thyssenkrupp Bilstein	61,097
Vinylmax, LLC	94,954
	\$877,084

B. Income Tax

The City levies a tax of 2.00% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 2.00% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All City residents are required to file a municipal income tax return annually regardless of whether tax is owed.

CITY OF HAMILTON, OHIO

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

NOTE 5 - TAXES (Continued)

B. Income Tax (Continued)

Income Tax Abatement

The City created the Job Creation and Tax Credit Program to maintain the City’s competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code 718 and the applicable City ordinance, the City provides an incentive to the company based upon the company’s gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company’s payroll taxes. The time period of the incentive in years, is determined by how many new jobs are created by the company. The tax abatement incentive to a new business or expanding business with new payroll is at a percentage of up to 60% of income tax paid on new payroll for a period of 3 to 10 years.

For the year ending December 31, 2023, income taxes of \$18,834 were abated by the City.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts receivable, accrued interest, special assessments, loans receivable, leases receivable, interfund receivables, and intergovernmental (due from other governments) receivables arising from shared revenues. These receivables result from both exchange and non-exchange transactions.

Business-type receivables at December 31, 2023, are presented net of allowances for doubtful accounts. To better detail the accounts receivable balances in the Business-type Funds, the following schedule identifies and reconciles these amounts as of December 31, 2023 as follows:

Accounts Receivable	Total				
As of December 31, 2023	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Business-Type Activities</u>
Earned and unbilled consumer accounts	\$1,970,207	\$5,630,880	\$1,145,282	\$880,354	\$9,626,723
Earned and billed consumer accounts	1,637,769	6,643,205	1,324,557	1,747,200	11,352,731
Less allowance for uncollectible accounts	(455,808)	(2,164,847)	(354,086)	(864,188)	(3,838,929)
Other	1,469	637,081	19,941	2,964	661,455
Total Accounts Receivable	<u><u>\$3,153,637</u></u>	<u><u>\$10,746,319</u></u>	<u><u>\$2,135,694</u></u>	<u><u>\$1,766,330</u></u>	<u><u>\$17,801,980</u></u>

CITY OF HAMILTON, OHIO

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

NOTE 7 - TRANSFERS

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

Fund	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$0	\$6,312,482
Health Department Fund	262,971	0
Hamilton Capital Improvement Fund	3,402,761	2,843,181
Other Governmental Funds	7,761,018	2,271,087
Total Governmental Funds	<u>11,426,750</u>	<u>11,426,750</u>
Proprietary Funds:		
Enterprise Funds:		
Water Fund	807,800	0
Wastewater Fund	0	807,800
Total Enterprise Funds	<u>807,800</u>	<u>807,800</u>
Totals	<u>\$12,234,550</u>	<u>\$12,234,550</u>

The City makes transfers between various funds during the year for operating and debt service related payments. The individual governmental funds transfer their portion of the debt service payment during the year into the Debt Service Fund for payment of obligations and some transfers are made from the General Fund at year-end to eliminate deficit balances. In 2023 the Street Maintenance Fund and Municipal Improvement Tax Increment Equivalent Fund transferred \$1,000,000 and \$698,030, respectively, to the Infrastructure Program Fund for various infrastructure improvement projects. The Hamilton Capital Improvement Fund transferred \$2,438,892 to the Debt Service Fund for debt retirement. The General Fund transferred a total of \$6,312,482 to various funds for capital projects and purchases. The Wastewater Fund transferred \$807,800 to the Water Fund for capital improvements.

NOTE 8 – INTERFUND TRANSACTIONS

The composition of inter-fund balances as of December 31, 2023, is as follows:

	Interfund Receivable	Interfund Payable	Due from Other Funds	Due to Other Funds
General Fund	\$3,376,019	\$0	\$12,426	\$0
Other Governmental Funds	0	3,046,880	0	12,426
Fleet Maintenance Fund	0	329,139	0	0
	<u>\$3,376,019</u>	<u>\$3,376,019</u>	<u>\$12,426</u>	<u>\$12,426</u>

The due from other funds for the General Fund is monies where the General Fund serves as a participant in the activity for the City. All monies due between funds are expected to be paid/received within the next fiscal year.

\$3,046,880 and \$329,139 of the interfund activity relates to cash advances the General Fund made to the Special Assessment Fund and Fleet Maintenance Fund, respectively.

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

<i>Historical Cost:</i>	Restated December 31, 2022	Additions	Deletions	December 31, 2023
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$22,895,230	\$851,279	(\$219,174)	\$23,527,335
Construction in Progress	42,740,049	19,180,213	(15,311,862)	46,608,400
Sub-Total	<u>65,635,279</u>	<u>20,031,492</u>	<u>(15,531,036)</u>	<u>70,135,735</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	51,820,171	849,921	0	52,670,092
Leased Buildings	144,726	0	0	144,726
Machinery and Equipment	36,600,296	3,135,633	(1,756,230)	37,979,699
Leased Equipment	211,783	0	0	211,783
SBITA	98,948	0	0	98,948
Infrastructure	190,404,169	9,877,317	(1,682)	200,279,804
Total Cost	<u>\$344,915,372</u>	<u>\$33,894,363</u>	<u>(\$17,288,948)</u>	<u>\$361,520,787</u>
<i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2022	Additions	Deletions	December 31, 2023
Buildings and Improvements	(\$24,628,776)	(\$1,296,182)	\$0	(\$25,924,958)
Leased Buildings	(25,373)	(72,363)	0	(97,736)
Machinery and Equipment	(27,160,222)	(2,103,577)	1,739,679	(27,524,120)
Leased Equipment	(28,237)	(42,357)	0	(70,594)
SBITA	0	(19,790)	0	(19,790)
Infrastructure	(143,487,812)	(2,722,370)	1,682	(146,208,500)
Total Depreciation	<u>(\$195,330,420)</u>	<u>(\$6,256,639) *</u>	<u>\$1,741,361</u>	<u>(\$199,845,698)</u>
<i>Net Value:</i>	<u>\$149,584,952</u>			<u>\$161,675,089</u>

*Depreciation was charged to governmental functions as follows:

General Government	\$886,175
Security of Persons and Property	1,216,898
Leisure Time Activities	410,018
Community Environment	266
Transportation	3,729,663
Public Health and Welfare Services	13,619
Total Depreciation Expense	<u>\$6,256,639</u>

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2023:

<i>Historical Cost:</i>	Restated December 31,			December 31,
Class	2022	Additions	Deletions	2023
<i>Capital assets not being depreciated:</i>				
Land	\$10,815,289	\$0	\$0	\$10,815,289
Construction in Progress	36,665,651	1,798,485	(5,059,097)	33,405,039
Sub-Total	<u>47,480,940</u>	<u>1,798,485</u>	<u>(5,059,097)</u>	<u>44,220,328</u>
<i>Capital assets being depreciated:</i>				
Intangible Capital Assets	1,070,786	0	0	1,070,786
SBITA	336,084	169,595	0	505,679
Buildings and Improvements	137,047,911	3,860,881	0	140,908,792
Machinery and Equipment	708,242,614	10,085,447	(1,558,400)	716,769,661
Total Cost	<u>\$894,178,335</u>	<u>\$15,914,408</u>	<u>(\$6,617,497)</u>	<u>\$903,475,246</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated December 31,			December 31,
Class	2022	Additions	Deletions	2023
Intangible Capital Assets	(\$321,240)	(\$21,416)	\$0	(\$342,656)
SBITA	0	(123,748)	0	(123,748)
Buildings and Improvements	(78,893,452)	(1,881,207)	0	(80,774,659)
Machinery and Equipment	(501,191,021)	(13,825,126)	1,254,436	(513,761,711)
Total Depreciation	<u>(\$580,405,713)</u>	<u>(\$15,851,497)</u>	<u>\$1,254,436</u>	<u>(\$595,002,774)</u>
 <i>Net Value:</i>	 <u>\$313,772,622</u>			 <u>\$308,472,472</u>

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$4,198,754 for 2023. Of this amount, \$179,297 is reported as an intergovernmental payable.

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$4,298,065 for 2023. Of this amount, \$162,745 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$54,405,380	\$69,129,083	\$123,534,463
Proportion of the Net Pension Liability-2023	0.184175%	0.727749%	
Proportion of the Net Pension Liability-2022	0.196555%	0.739344%	
Percentage Change	(0.012380%)	(0.011595%)	
Pension Expense	\$7,359,010	\$9,218,361	\$16,577,371

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$574,755	\$6,235,205	\$6,809,960
Differences between expected and actual experience	1,807,119	1,036,904	2,844,023
Net difference between projected and actual earnings on pension plan investments	15,507,239	10,064,343	25,571,582
Change in proportionate share	131,787	1,650,950	1,782,737
City contributions subsequent to the measurement date	<u>4,198,754</u>	<u>4,298,065</u>	<u>8,496,819</u>
Total Deferred Outflows of Resources	<u>\$22,219,654</u>	<u>\$23,285,467</u>	<u>\$45,505,121</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$1,347,999	\$1,347,999
Differences between expected and actual experience	0	1,574,964	1,574,964
Change in proportionate share	<u>1,307,205</u>	<u>820,554</u>	<u>2,127,759</u>
Total Deferred Inflows of Resources	<u>\$1,307,205</u>	<u>\$3,743,517</u>	<u>\$5,050,722</u>

\$8,496,819 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$1,352,094	\$1,862,574	\$3,214,668
2025	3,200,533	3,798,942	6,999,475
2026	4,564,536	4,086,316	8,650,852
2027	7,596,532	5,752,475	13,349,007
2028	<u>0</u>	<u>(256,422)</u>	<u>(256,422)</u>
Total	<u>\$16,713,695</u>	<u>\$15,243,885</u>	<u>\$31,957,580</u>

Actuarial Assumptions - OPERS

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$81,497,438	\$54,405,380	\$31,869,642

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

* levered 2.5x

Note: Assumptions are geometric

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$91,194,597	\$69,129,083	\$50,786,017

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

The City's contractually required contribution to OP&F was \$101,094 for 2023. Of this amount, \$3,841 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,192,977	\$5,181,361	\$6,374,338
Proportion of the Net OPEB Liability - 2023	0.189205%	0.727749%	
Proportion of the Net OPEB Liability - 2022	<u>0.201271%</u>	<u>0.739344%</u>	
Percentage Change	<u>(0.012066%)</u>	<u>(0.011595%)</u>	
OPEB Expense	(\$2,113,650)	\$579,905	(\$1,533,745)

*Total 2023 OPEB expense, including the Retiree Life Insurance Plan is (\$1,641,370).

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$1,165,208	\$2,582,103	\$3,747,311
Differences between expected and actual experience	0	309,191	309,191
Net difference between projected and actual earnings on OPEB plan investments	2,369,290	444,407	2,813,697
Change in proportionate share	0	584,947	584,947
City contributions subsequent to the measurement date	0	101,094	101,094
Total Deferred Outflows of Resources	<u>\$3,534,498</u>	<u>\$4,021,742</u>	<u>\$7,556,240</u>
Deferred Inflows of Resources			
Changes in assumptions	\$95,878	\$4,237,929	\$4,333,807
Differences between expected and actual experience	297,574	1,021,662	1,319,236
Change in proportionate share	0	251,718	251,718
Total Deferred Inflows of Resources	<u>\$393,452</u>	<u>\$5,511,309</u>	<u>\$5,904,761</u>

\$101,094 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2024	\$391,182	\$77,099	\$468,281
2025	866,476	90,910	957,386
2026	738,821	(200,916)	537,905
2027	1,144,567	(99,175)	1,045,392
2028	0	(414,527)	(414,527)
2029	0	(468,805)	(468,805)
2030	0	(553,112)	(553,112)
2031	0	(22,135)	(22,135)
Total	<u>\$3,141,046</u>	<u>(\$1,590,661)</u>	<u>\$1,550,385</u>

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions - OPERS

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$4,060,339	\$1,192,977	(\$1,173,071)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	\$1,118,202	\$1,192,977	\$1,277,134

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

The most recent experience study was completed for the five year period ended December 31, 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 geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2022 are summarized below:

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

* levered 2.5x

Note: Assumptions are geometric

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$6,380,359	\$5,181,361	\$4,169,098

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan

Total OPEB Liability

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

Plan Description

Plan Description – The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under the Public Employees Retirement System, Ohio Police and Fire Pension Fund, or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy – Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The City’s contractually required contribution was \$60,678 for 2023.

At December 31, 2023 the number of active participants was 620 and the number of retirees was 596.

The City’s Retiree Life Insurance plan has no assets.

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Changes in the Total OPEB Liability, OPEB expense, Deferred Outflows of Resources and Deferred Inflows of Resources

The Total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2023. Following is information related to changes in the Total OPEB liability:

	Changes in Total OPEB Liability
Total OPEB Liability 12/31/22	\$1,252,755
Service cost	12,479
Interest	48,908
Difference between expected and actual experience	(105,958)
Changes of assumptions	(392,711)
Benefit payments	(60,678)
Total OPEB Liability 12/31/23	\$754,795
Retiree Life Insurance Plan OPEB expense	(\$107,625)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Retiree Life Insurance Plan</u>		
Changes in assumptions	\$48,370	\$526,036
Differences between expected and actual experience	20,810	89,054
Total	\$69,180	\$615,090

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance Plan will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	(\$141,417)
2025	(169,176)
2026	(143,728)
2027	(91,589)
Total	(\$545,910)

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Actuarial Assumptions

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.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	3.80 percent
Prior Measurement date	4.00 percent
Actuarial Cost Method	Entry Age Normal

Mortality Rates:	
Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five year period ended December 31, 2018.

Discount Rate A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. Because the Retiree Life Insurance Plan is not funded, the discount rate is based on a 20-year tax exempt municipal bond rate based on published indices.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate The following table presents the Retiree Life Insurance Plan total OPEB liability calculated using the single discount rate of 3.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.80 percent) or one-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$843,332	\$754,795	\$681,012

CITY OF HAMILTON, OHIO

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

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance January 1, 2023	Issued	(Retired)	Balance December 31, 2023
Special Revenue Fund Notes Payable:				
4.00% Stormwater Improvements	\$3,700,000	\$0	(\$3,700,000)	\$0
4.50% Stormwater Improvements	0	3,700,000	0	3,700,000
Total Special Revenue Fund Notes Payable	<u>3,700,000</u>	<u>3,700,000</u>	<u>(3,700,000)</u>	<u>3,700,000</u>
Capital Projects Fund Notes Payable:				
4.00% Criminal Justice Center Construction	23,000,000	0	(23,000,000)	0
4.50% Criminal Justice Center Construction	0	23,000,000	0	23,000,000
4.00% Tylersville Road Improvements	2,250,000	0	(2,250,000)	0
4.50% Tylersville Road Improvements	0	2,250,000	0	2,250,000
4.00% Utility Relocation	750,000	0	(750,000)	0
4.50% Utility Relocation	0	750,000	0	750,000
4.00% Amphitheater Roof	1,750,000	0	(1,750,000)	0
4.50% Amphitheater Roof	0	1,750,000	0	1,750,000
Total Capital Projects Fund Notes Payable	<u>27,750,000</u>	<u>27,750,000</u>	<u>(27,750,000)</u>	<u>27,750,000</u>
Enterprise Fund Notes Payable:				
4.50% Water Improvements	0	15,000,000	0	15,000,000
4.00% Wastewater Improvements	3,300,000	0	(3,300,000)	0
4.50% Wastewater Improvements	0	3,300,000	0	3,300,000
Total Enterprise Fund Notes Payable	<u>3,300,000</u>	<u>18,300,000</u>	<u>(3,300,000)</u>	<u>18,300,000</u>
Total Notes Payable	<u>\$34,750,000</u>	<u>\$49,750,000</u>	<u>(\$34,750,000)</u>	<u>\$49,750,000</u>

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

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

Issue Date	Interest Rate	Description	Maturity Date	Restated Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Governmental Activities Debt:								
General Obligation Bonds:								
2020	3.0% - 4.00%	Various Purpose 2020	2040	\$2,460,000	\$0	(\$100,000)	\$2,360,000	\$105,000
2020	3.0% - 4.00%	Various Purpose 2020 Refunding	2040	920,000	0	(265,000)	655,000	275,000
2018	2.6% - 4.00%	Various Purpose	2048	9,570,000	0	(250,000)	9,320,000	260,000
2021	1.08%	Property Improvement	2024	1,000,000	0	0	1,000,000	1,000,000
Total General Obligation Bonds				13,950,000	0	(615,000)	13,335,000	1,640,000
Special Obligation Non-Tax Revenue Bonds:*								
2020	0.93% - 3.48%	Champions Mill Project Refunding	2050	30,025,000	0	0	30,025,000	500,000
2020	0.93% - 3.48%	Champions Mill Project	2050	1,795,000	0	(80,000)	1,715,000	80,000
Total Special Obligation Non-Tax Revenue Bonds				31,820,000	0	(80,000)	31,740,000	580,000
Income Tax Revenue Bonds:*								
2017	3.00%	Various Purpose Refunding	2035	6,774,156	0	(437,439)	6,336,717	450,745
2017	3.00%	Various Purpose	2035	277,705	0	(146,562)	131,143	9,009
Total Income Tax Revenue Bonds				7,051,861	0	(584,001)	6,467,860	459,754
Special Assessment Bonds (with Governmental Commitment):								
2003	5.25%	Shaffer's Creek Sanitary Sewer	2022	15,000	0	(15,000)	0	0
Issuance Discounts/Premiums				253,421	0	(26,860)	226,561	0
Total Bonds Payable				53,090,282	0	(1,320,861)	51,769,421	2,679,754
Ohio Water Development Authority Loans Payable:*								
2016	2.13%	South Hamilton Road Storm Water	2049	3,086,056	0	(87,732)	2,998,324	89,611
2020	1.47%	Spooky Nook Public Improvements	2052	2,744,251	384,986	(83,744)	3,045,493	86,738
Total Ohio Water Development Authority Loans Payable				5,830,307	384,986	(171,476)	6,043,817	176,349
Installment Loans:								
2019	2.7-4.0%	Government Building	2049	22,900,000	0	(505,000)	22,395,000	520,000
2022	3.25%	Leaf Collector	2025	90,631	0	(29,235)	61,396	30,199
Total Installment Loans				22,990,631	0	(534,235)	22,456,396	550,199
Governmental Activities Other Long-Term Obligations:								
Leases				306,303	0	(111,899)	194,404	90,302
Subscription Based Information Technology Arrangement (SBITA)				98,948	0	(20,432)	78,516	21,800
Claims Payable				3,500,000	0	(350,000)	3,150,000	350,000
Compensated absences				4,725,063	2,157,336	(2,320,786)	4,561,613	2,384,989
Governmental Activities Debt and Other Long-Term Obligations				<u>\$90,541,534</u>	<u>\$2,542,322</u>	<u>(\$4,829,689)</u>	<u>\$88,254,167</u>	<u>\$6,253,393</u>

*The Income Tax Revenue Bonds and Special Obligation Non-Tax Revenue Bonds are direct placement debt. The Ohio Water Development Authority Loans are direct borrowing debt.

Special assessments issued are for non-capital related repairs to sidewalks, streets, etc. Special assessment bonds are general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Issue Date	Interest Rate	Description	Maturity Date	Restated	Additions	Reductions	Balance	Due Within One Year
				Balance December 31, 2022			December 31, 2023	
Business-Type Activities Debt:								
Mortgage Revenue Bonds:								
2017	2.23%	Gas Refunding	2027	\$3,045,000	\$0	(\$585,000)	\$2,460,000	\$595,000
2018	3.80%	Gas Improvements	2038	1,475,000	0	(70,000)	1,405,000	70,000
2018	3.0% - 5.0%	Electric Refunding	2030	9,775,000	0	(1,030,000)	8,745,000	1,085,000
2019	3.0% - 5.0%	Electric Refunding	2039	11,140,000	0	(25,000)	11,115,000	25,000
2019	3.0% - 5.0%	Electric Improvements	2049	14,815,000	0	(300,000)	14,515,000	315,000
2015	2.0% - 5.0%	Water Refunding	2044	9,655,000	0	(325,000)	9,330,000	335,000
2018	4.00%	Water Refunding	2029	4,155,000	0	(525,000)	3,630,000	545,000
2018	3.0% - 4.0%	Water Improvements	2048	2,730,000	0	(65,000)	2,665,000	65,000
2019	3.0% - 4.0%	Water Refunding	2039	7,985,000	0	(20,000)	7,965,000	20,000
2019	3.0% - 4.0%	Water Improvements	2049	1,700,000	0	(35,000)	1,665,000	40,000
2016	1.75% - 5.0%	Wastewater Refunding	2026	4,300,000	0	(1,010,000)	3,290,000	1,045,000
2018	2.0% - 5.0%	Wastewater Refunding	2041	21,740,000	0	(800,000)	20,940,000	825,000
2019	3.0% - 5.0%	Wastewater Refunding	2039	8,045,000	0	(275,000)	7,770,000	285,000
				<u>100,560,000</u>	<u>0</u>	<u>(5,065,000)</u>	<u>95,495,000</u>	<u>5,250,000</u>
		Issuance Discounts/Premiums		6,292,422	0	(378,269)	5,914,153	0
		Total Mortgage Revenue Bonds		<u>106,852,422</u>	<u>0</u>	<u>(5,443,269)</u>	<u>101,409,153</u>	<u>5,250,000</u>
General Obligation Bonds:								
2018	2.6% - 4.0%	Wastewater Improvements	2038	470,000	0	(25,000)	445,000	25,000
Ohio Water Development Authority Loans:*								
2010	3.25%	Sanitary Sewer Improvements	2030	206,583	0	(23,005)	183,578	23,758
2016	1.33%	River Road Water Main	2037	722,257	0	(43,811)	678,446	44,397
2018	2.22%	Sanitary Sewer Improvements	2049	1,087,394	0	(12,960)	1,074,434	31,730
2023	0.00%	Boiler Replacement	2030	0	22,170	0	22,170	0
2023	0.00%	Sanitary Sewer Improvements	2030	0	157,100	0	157,100	0
2023	0.00%	Sanitary Sewer Facilities Master Plan	2030	0	70,000	0	70,000	0
2023	0.00%	Gravity Collector Improvements	2030	0	61,770	0	61,770	0
		Total Ohio Water Development Authority Loans		<u>2,016,234</u>	<u>311,040</u>	<u>(79,776)</u>	<u>2,247,498</u>	<u>99,885</u>
Ohio Public Works Commission Loans:*								
2016	0.00%	Gilmore Road Pump Station I	2049	2,857,549	0	(107,832)	2,749,717	107,832
2016	0.00%	Pershing Avenue Water Main	2048	637,450	0	(24,998)	612,452	24,998
2017	0.00%	State Route 4 Water Main	2049	379,412	0	(14,318)	365,094	14,318
2017	0.00%	Arlington Avenue Water Main	2049	541,546	0	(19,693)	521,853	19,693
2017	0.00%	Gilmore Road Pump Station II	2049	360,897	0	(13,619)	347,278	13,619
2018	0.00%	Southern Hills Water Main	2049	1,662,265	0	(60,446)	1,601,819	60,446
2019	0.00%	Bilstein Water Main Loop	2050	218,186	0	(7,934)	210,252	7,934
2020	0.00%	Highland Park Water Main	2051	2,085,981	0	(70,711)	2,015,270	70,711
2019	0.00%	North Third Street Water Main	2050	1,462,240	0	(51,307)	1,410,933	51,307
2021	0.00%	SOID Sanitary Sewer Relocation	2052	2,398,860	0	(79,962)	2,318,898	79,962
		Total Ohio Public Works Commission Loans		<u>12,604,386</u>	<u>0</u>	<u>(450,820)</u>	<u>12,153,566</u>	<u>450,820</u>
Installment Loan:								
2022	2.45%	Vacuum Truck	2024	252,889	0	(124,913)	127,976	127,976
Business-Type Activities Other Long-Term Obligations:								
		Subscription Based Information Technology Arrangements (SBITA)		336,084	169,595	(100,300)	405,379	133,901
		Compensated absences		<u>3,106,704</u>	<u>2,118,050</u>	<u>(1,776,747)</u>	<u>3,448,007</u>	<u>1,963,755</u>
		Business-Type Activities Debt and Other Long-Term Obligations		<u>\$125,638,719</u>	<u>\$2,598,685</u>	<u>(\$8,000,825)</u>	<u>\$120,236,579</u>	<u>\$8,051,337</u>

*The Ohio Water Development Authority Loans and Ohio Public Works Commission Loans are direct borrowings.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Outstanding revenue bonds totaled \$95,495,000 at December 31, 2023. Under the terms of the revenue bond indentures, the City has agreed to certain covenants including, among other things, maintaining revenue levels to provide for operating expenses and debt service. All of the borrowing issued under the master trust indentures for the revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the insurer guarantees the payments of principal and interest.

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2023 follows:

GOVERNMENTAL ACTIVITIES									
Years	General Obligation Bonds			Income Tax Revenue Bonds*					
	Principal	Interest	Total	Principal	Interest	Total			
2024	\$1,640,000	\$429,234	\$2,069,234	\$459,754	\$186,641	\$646,395			
2025	470,000	401,734	871,734	473,739	172,657	646,396			
2026	480,000	385,584	865,584	488,150	158,248	646,398			
2027	490,000	371,184	861,184	502,999	143,400	646,399			
2028	500,000	357,584	857,584	518,248	128,152	646,400			
2029-2033	2,210,000	1,586,940	3,796,940	2,837,513	394,499	3,232,012			
2034-2038	3,170,000	1,152,800	4,322,800	1,187,457	32,981	1,220,438			
2039-2043	2,165,000	643,981	2,808,981	0	0	0			
2044-2048	2,210,000	254,438	2,464,438	0	0	0			
Totals	\$13,335,000	\$5,583,479	\$18,918,479	\$6,467,860	\$1,216,578	\$7,684,438			
GOVERNMENTAL ACTIVITIES									
Years	Special Obligation Non-Tax Revenue Bonds*			OWDA Loans*			Installment Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$580,000	\$916,402	\$1,496,402	\$176,349	\$107,841	\$284,190	\$550,199	\$881,216	\$1,431,415
2025	585,000	909,399	1,494,399	179,547	104,642	284,189	571,197	863,838	1,435,035
2026	920,000	898,386	1,818,386	182,805	101,384	284,189	555,000	845,530	1,400,530
2027	940,000	883,055	1,823,055	186,125	98,064	284,189	575,000	826,235	1,401,235
2028	955,000	865,534	1,820,534	189,507	94,682	284,189	595,000	806,397	1,401,397
2029-2033	5,085,000	4,006,581	9,091,581	1,000,531	420,413	1,420,944	3,330,000	3,681,595	7,011,595
2034-2038	5,760,000	3,311,051	9,071,051	1,095,149	325,795	1,420,944	4,040,000	2,965,800	7,005,800
2039-2043	6,460,000	2,335,232	8,795,232	1,199,035	221,909	1,420,944	4,915,000	2,089,800	7,004,800
2044-2048	7,210,000	1,204,811	8,414,811	1,313,124	107,820	1,420,944	5,980,000	1,025,000	7,005,000
2049-2053	3,245,000	113,916	3,358,916	521,645	14,013	535,658	1,345,000	57,800	1,402,800
Totals	\$31,740,000	\$15,444,367	\$47,184,367	\$6,043,817	\$1,596,563	\$7,640,380	\$22,456,396	\$14,043,211	\$36,499,607

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Future Long-Term Financing Requirements (Continued)

Years	BUSINESS-TYPE ACTIVITIES								
	Revenue Bonds			General Obligation Bonds			OWDA/OPWC Loans*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$5,250,000	\$3,783,686	\$9,033,686	\$25,000	\$14,618	\$39,618	\$550,705	\$37,385	\$588,090
2025	5,470,000	3,559,320	9,029,320	25,000	13,868	38,868	563,151	35,241	598,392
2026	5,715,000	3,316,704	9,031,704	25,000	13,118	38,118	565,279	33,065	598,344
2027	4,760,000	3,069,828	7,829,828	25,000	12,368	37,368	567,458	30,856	598,314
2028	4,325,000	2,862,146	7,187,146	25,000	11,718	36,718	569,689	28,612	598,301
2029-2033	22,635,000	11,683,415	34,318,415	150,000	46,068	196,068	2,791,540	109,584	2,901,124
2034-2038	26,285,000	7,075,709	33,360,709	170,000	18,850	188,850	2,719,662	68,150	2,787,812
2039-2043	14,565,000	2,288,319	16,853,319	0	0	0	2,536,956	38,530	2,575,486
2044-2048	5,570,000	634,125	6,204,125	0	0	0	2,551,420	18,398	2,569,818
2049-2053	920,000	27,600	947,600	0	0	0	985,204	1,722	986,926
Totals	<u>\$95,495,000</u>	<u>\$38,300,852</u>	<u>\$133,795,852</u>	<u>\$445,000</u>	<u>\$130,608</u>	<u>\$575,608</u>	<u>\$14,401,064</u>	<u>\$401,543</u>	<u>\$14,802,607</u>
	BUSINESS-TYPE ACTIVITIES								
	Installment Loan								
Years	Principal	Interest	Total						
2024	\$127,976	\$3,184	\$131,160						
Totals	<u>\$127,976</u>	<u>\$3,184</u>	<u>\$131,160</u>						

*The Income Tax Revenue Bonds and Special Obligation Non-Tax Revenue Bonds are direct placement debt. The Ohio Water Development Authority Loans and Ohio Public Works Commission Loans are direct borrowing debt.

The City's total debt margin was \$86,730,611 at December 31, 2023. The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage.

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Installment Loans

In June 2022 the City received a \$384,003 installment loan for the purchase of a vacuum truck. The loan carries an interest rate of 2.45% and matures in 2024. In April 2022 the City received a \$150,561 installment loan for the purchase of a truck mounted leaf collector. The loan carries an interest rate of 3.25% and matures in 2025.

In March 2019 the City received \$24,768,150 from the Hamilton Community Authority (a discretely presented component unit) for sale of the Hamilton Government Building located at 345 High Street. Amounts received from the Authority will be paid back over a period of 30 years, after which time the City will own the building. The building is reported by the City as Governmental Activities capital assets at historical cost. The total loan balance at December 31, 2023 was \$22,395,000.

C. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$7,081,288.

D. Ohio Water Development Authority Loans

Spooky Nook Improvements - In 2020 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for public infrastructure improvements at the Spooky Nook project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 1.47%, per annum. This loan is payable from storm water collection charges and is received by the City in increments as the project is completed. As of December 31, 2023, the City had received \$3,172,334 from OWDA. Subsequent amounts will be received in future years.

Boiler Replacement - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a boiler replacement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2023, the City had received \$22,170 from OWDA. Subsequent amounts will be received in future years.

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

D. Ohio Water Development Authority Loans (Continued)

Sanitary Sewer Improvements - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a sanitary sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2023, the City had received \$157,100 from OWDA. Subsequent amounts will be received in future years.

Sanitary Sewer Facilities - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a sanitary sewer facilities master plan project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2023, the City had received \$70,000 from OWDA. Subsequent amounts will be received in future years.

Gravity Collector Improvements - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a gravity collector sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2023, the City had received \$61,770 from OWDA. Subsequent amounts will be received in future years.

E. Claim Payable

The City is reporting a \$3,150,000 claim payable to St. Clair Township. The liability is the result of a settlement between the City and Township involving the annexation of property by the City from the Township. The liability will be paid over a period of 10 years at an interest rate of 3.0%.

F. Pledged Revenue Coverage

The Gas Utility revenue bonds are payable from the net revenue derived from operations of the gas utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2027 and 2038. In 2023 the Gas Fund reported \$1,198,328 of net pledged revenues for coverage of a principal and interest debt service requirement of \$778,954.

The Electric Utility revenue bonds are payable from the net revenue derived from operations of the electric utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2030, 2039, and 2049. In 2023 the Electric Fund reported \$13,607,983 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,764,150.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

F. Pledged Revenue Coverage (Continued)

The Water Utility revenue bonds are payable from the net revenue derived from operations of the water utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2029, 2039, 2044, 2048, and 2049. In 2023 the Water Fund reported \$2,821,682 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,044,688.

The Wastewater Utility revenue bonds are payable from the net revenue derived from operations of the wastewater utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2026, 2039, and 2041. In 2023 the Wastewater Fund reported \$5,099,866 of net pledged revenues for coverage of a principal and interest debt service requirement of \$3,441,900.

NOTE 14 – LEASES

A. Leases Receivable

The City leases various office space and a cell phone tower as lessor. In 2023 the City received \$296,709 in lease revenue and \$25,960 in interest payments. Total lease receivable balances at December 31, 2023 are as follows:

Fund	Leases Receivable
General Fund	\$2,581,892
Golf Course Fund	42,063
Electric Fund	135,994
Total Leases Receivable	\$2,759,949

B. Leases Payable

The City leases various office space and police equipment.

The following is a schedule of future lease payments as of December 31, 2023:

Years	Leases Payable - Governmental Activities		
	Principal	Interest	Total
2024	\$90,302	\$5,981	\$96,283
2025	43,430	3,374	46,804
2026	45,200	1,604	46,804
2027	15,472	129	15,601
Totals	\$194,404	\$11,088	\$205,492

CITY OF HAMILTON, OHIO

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

NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into multiple Subscription Based Information Technology Arrangements (SBITAs) for the right to use various software platforms. Cost and accumulated depreciation reported in Governmental Activities for SBITA assets is \$98,948 and \$19,790, respectively. Cost and accumulated depreciation reported in Business-Type Activities for SBITA assets is \$505,679 and \$123,748, respectively.

The related liability is included in the Governmental Activities and Business-Type Activities Long-Term Liabilities.

The following is a schedule of future SBITA payments as of December 31, 2023:

Years	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	SBITA		SBITA	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$21,800	\$4,462	\$133,901	\$22,407
2025	23,260	3,001	142,868	13,440
2026	24,818	1,443	120,824	4,297
2027	8,638	117	7,786	42
Totals	<u>\$78,516</u>	<u>\$9,023</u>	<u>\$405,379</u>	<u>\$40,186</u>

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CITY OF HAMILTON, OHIO

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability; damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a number of insurance coverages in order to protect against the various risks mentioned above. Those coverages are as follows:

Property Insurance	\$275,608,274	Limit
Earthquake	\$25,000,000	
Flood	\$10,000,000	
Ordinance or Law Coverage	\$1,250,000	
Extra Expense Designated Locations	\$1,500,000	
Valuable Papers Restoration	\$1,250,000	
Electric Property Insurance	\$391,643,587	Limit
Earthquake	\$50,000,000	
Flood	\$50,000,000	
Demolition and Increased Cost Construction	\$10,000,000	
Newly Acquired Locations	\$5,000,000	
Misc. Unnamed Locations	\$250,000	
Boiler and Machinery	\$40,000,000	Limit
Auto	\$1,000,000	Limit
Comprehensive and Collision	\$20,000	Deductible
Garage Keepers Liability	\$500,000	Limit
Crime – Theft of Money and Securities In/Out	\$500,000	Limit
Forgery and Alteration Coverage	\$500,000	Limit
Public Officials Bond – Treasurer	\$500,000	Limit
Public Officials Bond – All Others	\$500,000	Limit
Police Professional Liability (per occurrence)	\$1,000,000	Limit

CITY OF HAMILTON, OHIO

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

Public Officials Liability	\$1,000,000	Limit
Public Utilities Excess Liability	\$80,000,000	Limit
Claims Made Retroactive 4/86		
Combined Products Liability		
Completed Operations Liability		
Failure to Supply Liability		
Pollution Liability		
Medical Malpractice Liability		
General Liability (per occurrence)	\$1,000,000	Limit
Products, Personal Injury, Stop Gap Liability	\$1,000,000	Limit
Ambulance Attendants Errors and Omissions	\$1,000,000	Limit
Pollution Legal Liability	\$10,000,000	Aggregate
Named NDD Housing Lead Abatement		
One Year Term		
Umbrella	\$19,000,000	Limit
Does not apply separately over the underlying/primary coverages		

Third-party liability coverage is subject to a \$100,000 Self-Insured Retention (SIR). A \$400,000 total Self-Insured Retention (SIR) (annual) will be applicable to Public Entity General Liability, Employee Benefit, Plan Administration Liability, Employment Practices Liability, Liquor Liability, Law Enforcement Liability, Auto Liability, and Public Entity Management Liability. This will act as an aggregate stop loss maximum. Third party claims adjustment services are provided by Travelers Insurance as per the terms of the City of Hamilton’s contract with Travelers Insurance for SIR claims and Cunningham Lindsey U.S. Inc. for utility claims.

There has been no significant reduction in coverage in 2023. Settled claims did not exceed this commercial coverage in any of the past three years.

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Self-Insurance

Medical coverage is offered to employees through a self-funded insurance plan. The plan is offered to local governments state-wide through the Jefferson Health Plan (JHP) in Steubenville, Ohio and administered by United Healthcare of Ohio.

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$917,999 reported in the General Fund at December 31, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is non-discounted and is based upon historical claims experience. Changes in the claims liability in 2022 and 2023 was as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2022	\$1,032,379	\$7,414,988	(\$7,187,644)	\$1,259,723
2023	1,259,723	4,761,727	(5,103,451)	917,999

B. BWC Group Retrospective Rating Program

The City participates in the Ohio BWC Group Retrospective Rating Program. The Group Retrospective Rating Program is a performance-based incentive program designed to recover a portion of premium for employers that reduce injury rates and lower associated claims costs. Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the “standard premium” of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

CITY OF HAMILTON, OHIO

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

C. BWC Individual Retrospective Rating Program

In prior years the City was enrolled in the Ohio BWC’s Individual Retrospective Rating program. Each retrospective rated policy year carries a 10 year liability period. The Individual Retrospective Rating provided the City with an up-front premium discount in exchange for assuming dollar-for-dollar claims liability for any claim filed during the Retrospective Rating policy year. There is a maximum per claim limit and an aggregate policy limit in Retrospective Rating. For 2023 Hamilton’s per claim limit is \$200,000 and its aggregate policy limit is 150% of the standard premium (i.e., premium before the Individual Retrospective Rating discount and less BWC administrative costs).

The claims liability of \$35,701 reported in the General Fund at December 31, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount are as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2022	\$7,003	\$11,471	(\$7,003)	\$11,471
2023	11,471	35,701	(11,471)	35,701

NOTE 17 – SIGNIFICANT COMMITMENTS

A. Encumbrance Commitments

At December 31, 2023 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	\$1,844,278
Hamilton Capital Improvement Fund	5,656,762
Criminal Justice Center Construction Fund	19,984,873
Other Governmental Funds	12,873,918
Total Governmental Funds	\$40,359,831

CITY OF HAMILTON, OHIO

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

NOTE 17 – SIGNIFICANT COMMITMENTS (Continued)

B. Contractual Commitments

As of December 31, 2023, the City had contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the City. The list below reflects the major contracts that comprise commitments at December 31, 2023:

Vendor	Contractual Commitment
Rack & Ballauer Excavating	\$4,059,437
Welsh Excavation Company Inc.	2,803,928
R A Miller Construction Co Inc.	2,678,543
Ford Development Corp	2,267,068
Historic Mill Land 2, LLC	1,738,744
Municipal Gas Acquisition and Supply Corporation	1,001,543
Champion Cleaning Specialists Inc	990,690
Johnson's Emergency Vehicles	826,429
City of Hamilton	640,199
Performance Site Development	574,083
Gridtech LLC	522,074
Lithco Restoration Technologies	499,984
City of Hamilton	474,766
WG Stang	406,041
R A Miller Construction Co Inc.	387,894
Terex Utilities Inc.	359,478
Sunesis Construction Company	334,846
Rumpke	305,445
Mi De Con Inc	297,000
SmithCorp Inc	271,459
Triton Services, Inc.	257,683
Altec Industries Inc.	237,270
Hazen and Sawyer DPC	235,365
R A Miller Construction Co Inc.	228,003
Mi De Con Inc	211,200
Aegion Corporation DBA Insituform Technologies Inc.	201,010
ABB Inc.	199,220
Utility Truck Equipment	175,993
911 Fleet and Fire Equipment Holdings LLC	148,922
Rack & Ballauer Excavating	146,757
	\$23,481,074

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

NOTE 18 – CONTINGENCIES

A. Litigation

Various claims and lawsuits are pending against the City. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the City's financial position.

B. Federal and State Grants

For the period January 1, 2023 to December 31, 2023, 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. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

C. Asset Retirement Obligations

GASB Statement No. 83 "*Certain Asset Retirement Obligations*" establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts.

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities 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 plants. Due to the lack of specific legal requirements for retiring the sewage treatment plants, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

The City's licenses with the Federal Energy Regulatory Commission for operation of the Greenup Hydroelectric Plant on the Ohio River and the City of Hamilton Hydroelectric Plant on the Great Miami River state that, upon retirement of the facility, the Commission may require the City to remove any or all structures, equipment, and power lines within the project boundary and take any such other action necessary to restore the project waters, lands, and facilities remaining. At this time, the City has no plans of retiring these plants and therefore is unable to know what the Commission's requirements would be. Due to the lack of specific license requirements for the retiring of the hydroelectric plants, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

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

NOTE 19 – JOINT VENTURES

The City of Hamilton is a member of a number of Governmental Joint Ventures as described in GASB Statement No. 61. The following is a list of organizations and a brief description of each Joint Venture.

A. Hamilton-Indian Springs Joint Economic Development Districts

In 1996, the Hamilton-Indian Springs Joint Economic Development District (JEDD) between the City of Hamilton and Fairfield Township was approved by Fairfield Township voters. It set aside over 200 acres of prime land, zoned for business and industrial, to be serviced jointly as specified in the contract and marketed for commercial/industrial development. The original JEDD authorized a 2% earnings tax on all business within its boundaries, of which 75% flows to the City and 25% flows to the Township. One stipulation of the JEDD agreement is that the City of Hamilton will not annex any township land for the 30-year term of the contract. In exchange, 12 acres of county-owned land on the boundary between Hamilton and the Township was transferred to the City. The JEDD contains Menards, which opened in 2011, a home improvement chain store with locations throughout the Midwestern United States. Construction was completed on a new Hobby Lobby store in 2015 and Discount Tire and AAA Storage opened for business during 2016. An amendment to the JEDD was approved in August 2004 to add over 100 acres of retail development. This amendment reversed the collection percentage of the entities (75% for Fairfield Township and 25% for the City) for this section of land. To date, the development in the JEDD areas has proceeded at a strong pace. A number of projects and developments have occurred within all phases of the JEDD, including several banks and restaurants, as well as stores such as Wal-Mart, Target, Dick's, Best Buy, JC Penney, Staples and a variety of other retail establishments. The interchange was upgraded and the State Route 4 By-Pass was widened to provide improved access to the JEDD. Due to this JEDD's location around the interchange of State Route 129 and the State Route 4 By-Pass, additional retail and commercial development is expected to continue at this location into the future.

In April 2017, a second amendment to the JEDD was approved to add approximately 184 acres. Income tax collections in this area are distributed 50% to the City of Hamilton and 50% to Fairfield Township. The land comprising the JEDD around the intersection of Gilmore Road and Hamilton Mason Road includes an assisted living facility operated by StoryPoint Senior Living on about 15 acres of the land.

During 2023, the City's distribution of tax collections for the Hamilton-Indian Springs Joint Economic Development District totaled \$645,673.

B. American Municipal Power (AMP) – OMEGA JV2 Project

In December 2000, the City became a part of the OMEGA (Ohio Municipal Energy Generation Association) JV2 Project. The OMEGA JV2 project is a joint venture among the City of Hamilton and 35 other participating municipalities created under the auspices of the Ohio Constitution Section XVIII, Sections 3 and 4 and Ohio Revised Code Section 715.02. All of the participating communities are members of AMP, Inc. and the joint venture has appointed that non-profit corporation to perform certain management functions.

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

NOTE 19 – JOINT VENTURES (Continued)

B. American Municipal Power (AMP) – OMEGA JV2 Project (Continued)

The purpose of the joint venture is to create distributive generation among the participating members allowing for increased electric production capacity during peak demand. The degree of control exercised by any participating member is weighted in proportion to each participant's project share, which is 23.87% for the City (a non-majority voting position). Project share is equal to the amount of distributive generation capacity for each of the members. Membership in the joint venture is defined as financing or non-financing participant, as well as an owner or purchasing participant, for which the City qualifies as a financing, purchasing participant. As a financing purchasing participant, the City makes payments to OMEGA JV2.

The continued existence of OMEGA JV2 is dependent upon the City's continued participation, but the City, as a financing purchasing participant, does not have an equity interest in OMEGA JV2. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43219.

C. Meldahl Hydroelectric Project

AMP constructed a three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "Meldahl Project"). Now that the Meldahl Project has entered commercial operation, it has a generating capacity of approximately 105 MW. The City of Hamilton and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license to operate the Meldahl Project.

The City of Hamilton has executed a take-or-pay power sales contract with AMP for a Project Share of 54MW or 51.4% of capacity and associated energy from the Meldahl Project.

Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project is owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("Meldahl, LLC"). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the Meldahl Board). AMP, acting as agent of Meldahl LLC, has financed the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the "Meldahl Bonds") in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. The Meldahl Project entered commercial operation on April 12, 2016.

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Jointly Governed Organizations as described in GASB Statement No. 61. The following is a list of organizations and a brief description of each Jointly Governed Organization.

A. AMP, Inc.

The City of Hamilton is a member of American Municipal Power, Inc. (AMP). AMP is a non-profit corporation organized under Ohio law and Internal Revenue Code Section 501 and is a jointly governed organization. The organization operates on a non-profit basis for the mutual benefit of its member municipalities, all of whom own or operate a municipal electric system. The non-profit corporation is dedicated to providing member assistance and low-cost power supplies.

The controlling board of AMP, Inc. is based upon a representative from several of the member communities. The degree of control exercised by any participating government is limited to its representation on the board. The continued existence of the corporation is not dependent upon the City. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43229.

B. Transportation Improvement District of Butler County

The Transportation Improvement District of Butler County (TID), a jointly governed organization, provides the opportunity to construct roads, bridges, and accompanying improvements within the County. The TID's Board of Trustees, which consists of representatives from Butler County, two cities and three townships, oversees the operation of the District. The continued existence of the TID is not dependent upon the City of Hamilton's continued participation and the City of Hamilton has no equity interest in the Transportation Improvement District. Complete financial statements can be obtained from the Transportation Improvement District, 1921 Fairgrove Ave., Hamilton, Ohio 45011.

C. Butler County Emergency Management Agency

The Butler County Emergency Management Agency (EMA) is a jointly governed organization whose membership consists of Butler County, five cities including the City of Hamilton, and seven villages. The EMA was created by a countywide agreement with the Butler County Commissioners and is intended to provide cooperative effort between all local governments to manage disaster relief and coordinate with the Federal Emergency Management Agency (FEMA) in times of crisis. The twenty-six members of the advisory council comprise one County Commissioner and the chief official of each of the local government members. The continued existence of the Butler County Emergency Management Agency is not dependent upon the City's continued participation and the City of Hamilton has no equity interest in the Butler County EMA. Complete financial statements can be obtained from the Butler County Emergency Management Agency, 315 High Street, Hamilton, Ohio 45011.

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Hamilton Community Improvement Corporation

The Hamilton Community Improvement Corporation (CIC) was incorporated under Internal Revenue Code Section 501(c)(6) in 1966 to advance, encourage, and promote the industrial, economic, commercial, and civil development of the City of Hamilton and the area surrounding it. The CIC is a jointly governed organization. The Board of Trustees of the CIC provides oversight to the CIC's operations and is comprised of members representing the City of Hamilton, the Greater Hamilton Chamber of Commerce and local business officials. The City does not maintain a voting majority on the Board and the CIC is not dependent on the City's continued participation for its continued existence. Complete financial statements can be obtained from the Hamilton Community Improvement Corporation, 345 High Street, Hamilton, Ohio 45011.

E. Hamilton Economic Development Corporation

The Hamilton Economic Development Corporation (HEDC) was organized to provide increased awareness to Downtown Hamilton businesses and to foster economic growth within the City. The corporation was formed under Internal Revenue Code Section 501(c)(6) and is a jointly governed organization. The HEDC's Board provides oversight to the activities of the organization. The Board consists of the City Manager of Hamilton, the Mayor and Vice-Mayor of Hamilton, one County Commissioner, the Superintendent of the Hamilton City School District, and the thirty-three members of the Hamilton Chamber of Commerce. The City does not maintain a voting majority on the Board and the HEDC is not dependent on the City's continued participation for its continued existence. Complete financial statements can be obtained from the HEDC, 201 Dayton Street, Hamilton, Ohio 45011.

F. Ohio-Kentucky-Indiana Regional Council of Governments

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. The OKI region includes Butler, Clermont, Hamilton, and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky, and Dearborn and Ohio Counties in Indiana.

OKI contracts for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City.

CITY OF HAMILTON, OHIO

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. Ohio-Kentucky-Indiana Regional Council of Governments (Continued)

This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI effective two years after receipt of the notice by OKI. To obtain financial statements of the Ohio-Kentucky-Indiana Regional Council of governments, write to OKI at 720 E. Pete Rose Way, Suite 420, Cincinnati, OH 45202.

NOTE 21 – ENTERPRISE INTERFUND REVENUES AND ADMINISTRATIVE CHARGES

The City’s Utility Enterprise activities (Gas, Electric, Water and Wastewater) make sales to one another on both a daily basis and a non-routine basis, at standard utility rates defined by municipal ordinance.

During 2023, the Electric Fund purchased \$60,347 of natural gas from the Gas Fund. This amount is reflected in the purchased electric expense account in the Electric Fund and as charges for services in the Gas Fund.

The Water and Wastewater Funds purchased electric services from the Electric Fund in the amount of \$1,367,325 and \$690,007 respectively, during 2023. These amounts are recorded in the Water and Wastewater Funds as contractual services and as charges for services in the Electric Fund.

The City’s Electric System provides street and traffic lighting services to the City and the estimated operating cost of supplying these services was approximately \$295,000 for the year ending December 31, 2023.

Beginning in 2009, Council approved a policy to provide certain utility costs to general government facilities at no cost. The estimated operating cost of supplying gas, water, and wastewater utilities at no cost to general governmental facilities was estimated to be \$230,000 for the year ending December 31, 2023.

The Utility Systems are allocated a portion of the City’s administrative cost from the General Fund. In addition, each Utility is charged expenses by the City’s Internal Service Funds. Represented below is the amount charged to each Utility Fund by type of charge or activity for 2023.

	Gas	Electric	Water	Wastewater
Administrative cost (General Fund)	\$1,555,360	\$1,763,477	\$1,555,360	\$1,410,148
Central Services Fund	2,617,380	2,596,681	1,618,043	1,553,927
Fleet Maintenance Fund	448,963	712,202	355,642	79,935
Total	<u>\$4,621,703</u>	<u>\$5,072,360</u>	<u>\$3,529,045</u>	<u>\$3,044,010</u>

CITY OF HAMILTON, OHIO

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

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the government-wide financial statements includes the financial data of the City's discretely presented component unit, the Hamilton Community Authority (Authority).

A. Basis of Accounting

The basic financial statements of the Authority are prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

C. Deposits

As of December 31, 2023, the Authority had \$17,194 in cash on deposit with US Bank (Trustee) and \$5,208,979 on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreements with the Trustees. The amount on deposit with the Trustees consists of US Treasury money market funds, US Treasury Bills, and Certificates of Deposit. These accounts are reported as cash and investments on the Statement of Net Position.

D. Loan Receivable

In March 2019, the Authority issued \$24,860,000 in revenue bonds to purchase the Hamilton Government Building located at 345 High Street for \$24,768,150. Amounts received by the City will be paid back over a period of 30 years, after which time the City will own the building. The Authority has pledged the payments received from the City for the payment of principal and interest on the bonds. In 2023, the City paid the Authority \$1,399,592.

The following is a schedule of future loan payments to be received from the City as of December 31, 2023:

Years	Loan Receivable		
	Principal	Interest	Total
2024	\$520,000	\$879,190	\$1,399,190
2025	540,000	862,810	1,402,810
2026	555,000	845,530	1,400,530
2027	575,000	826,235	1,401,235
2028	595,000	806,397	1,401,397
2029-2033	3,330,000	3,681,595	7,011,595
2034-2038	4,040,000	2,965,800	7,005,800
2039-2043	4,915,000	2,089,800	7,004,800
2044-2048	5,980,000	1,025,000	7,005,000
2049	1,345,000	57,800	1,402,800
Totals	<u>\$22,395,000</u>	<u>\$14,040,157</u>	<u>\$36,435,157</u>

CITY OF HAMILTON, OHIO

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

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT (Continued)

E. Long-Term Debt

Debt activity for the Authority for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
2019 Building Revenue Bonds	\$22,900,000	\$0	(\$505,000)	\$22,395,000	\$520,000
2020 PACE Bonds	32,020,000	0	(485,000)	31,535,000	515,000
2020 TIF Bonds	36,080,000	0	(25,000)	36,055,000	25,000
2021 Parking Revenue Bonds	12,900,000	0	(190,000)	12,710,000	200,000
Bond Premium (Discount)	(2,611,598)	0	91,491	(2,520,107)	0
Total Bonds	\$101,288,402	\$0	(\$1,113,509)	\$100,174,893	\$1,260,000

The Authority issued revenue bonds to purchase the Hamilton Government Building located at 345 High Street in 2019. The City is making annual payments to the Authority. The Authority has pledged the payments received from the City for the payment of principal and interest on the revenue bonds.

The Property Assessed Clean Energy (PACE) Bonds were issued to finance energy improvements at the Champion Mill Spooky Nook Sports Complex site. The City has levied special assessments on the project site, which will be collected and remitted to the Authority. The debt will be retired by the assessments collected from the project site owner. The Authority is reporting a receivable from the City for the assessments to be collected by the City and remitted to the Authority.

The Authority issued Tax Increment Financing (TIF) Bonds in 2020 to fund infrastructure improvements at the Champion Mill Spooky Nook Sports Complex site. The bonds will be retired with payments in lieu of taxes received from the property owner.

In 2021, the Authority issued \$12,900,000 of Revenue Bonds to be used for developer parking lot improvements and City of Hamilton Parking lot improvements for the Spooky Nook Sports Complex. Repayment of debt will be made with community development charges and net parking revenue.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.195707%	0.195707%	0.180651%	0.181112%
City's proportionate share of the net pension liability	\$23,071,305	\$23,604,447	\$31,291,101	\$41,127,343
City's covered payroll	\$24,119,685	\$24,075,983	\$22,863,367	\$23,579,133
City's proportionate share of the net pension liability as a percentage of its covered payroll	95.65%	98.04%	136.86%	174.42%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.738902%	0.738902%	0.702774%	0.684675%
City's proportionate share of the net pension liability	\$35,986,826	\$38,278,184	\$45,209,938	\$43,366,613
City's covered payroll	\$14,795,978	\$14,571,091	\$14,408,748	\$14,718,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	243.22%	262.70%	313.77%	294.64%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2018	2019	2020
City's proportion of the net pension liability	0.194154%	0.192963%	0.192546%
City's proportionate share of the net pension liability	\$30,459,006	\$52,848,657	\$38,058,030
City's covered payroll	\$25,659,746	\$26,172,393	\$27,177,157
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.70%	201.93%	140.04%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	74.70%	82.17%

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

Ohio Police and Fire Pension Fund

Year	2018	2019	2020
City's proportion of the net pension liability	0.711449%	0.708997%	0.700746%
City's proportionate share of the net pension liability	\$43,664,825	\$57,872,890	\$47,205,981
City's covered payroll	\$15,525,792	\$16,127,372	\$16,769,908
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.24%	358.85%	281.49%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	63.07%	69.89%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2021	2022	2023
City's proportion of the net pension liability	0.192842%	0.196555%	0.184175%
City's proportionate share of the net pension liability	\$28,555,709	\$17,101,085	\$54,405,380
City's covered payroll	\$27,451,886	\$27,629,593	\$28,677,679
City's proportionate share of the net pension liability as a percentage of its covered payroll	104.02%	61.89%	189.71%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	92.62%	75.74%

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

Ohio Police and Fire Pension Fund

Year	2021	2022	2023
City's proportion of the net pension liability	0.713153%	0.739344%	0.727749%
City's proportionate share of the net pension liability	\$48,616,268	\$46,189,957	\$69,129,083
City's covered payroll	\$17,643,755	\$18,147,094	\$19,887,089
City's proportionate share of the net pension liability as a percentage of its covered payroll	275.54%	254.53%	347.61%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	75.03%	62.90%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$2,889,118	\$2,743,604	\$2,829,496	\$3,335,767
Contributions in relation to the contractually required contribution	<u>2,889,118</u>	<u>2,743,604</u>	<u>2,829,496</u>	<u>3,335,767</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$24,075,983	\$22,863,367	\$23,579,133	\$25,659,746
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$3,091,205	\$3,060,364	\$3,127,255	\$3,291,033
Contributions in relation to the contractually required contribution	<u>3,091,205</u>	<u>3,060,364</u>	<u>3,127,255</u>	<u>3,291,033</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,571,091	\$14,408,748	\$14,718,583	\$15,525,792
Contributions as a percentage of covered payroll	21.21%	21.24%	21.25%	21.20%

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

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$3,664,135	\$3,804,802	\$3,843,264
Contributions in relation to the contractually required contribution	<u>3,664,135</u>	<u>3,804,802</u>	<u>3,843,264</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$26,172,393	\$27,177,157	\$27,451,886
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$3,409,109	\$3,544,582	\$3,732,159
Contributions in relation to the contractually required contribution	<u>3,409,109</u>	<u>3,544,582</u>	<u>3,732,159</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,127,372	\$16,769,908	\$17,643,755
Contributions as a percentage of covered payroll	21.14%	21.14%	21.15%

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

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$3,868,143	\$4,014,875	\$4,198,754
Contributions in relation to the contractually required contribution	<u>3,868,143</u>	<u>4,014,875</u>	<u>4,198,754</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,629,593	\$28,677,679	\$29,991,100
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$3,839,298	\$4,184,855	\$4,298,065
Contributions in relation to the contractually required contribution	<u>3,839,298</u>	<u>4,184,855</u>	<u>4,298,065</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$18,147,094	\$19,887,089	\$20,218,828
Contributions as a percentage of covered payroll	21.16%	21.04%	21.26%

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

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.184216%	0.196423%	0.195454%	0.195755%
City's proportionate share of the net OPEB liability (asset)	\$18,606,477	\$21,330,123	\$25,482,589	\$27,038,853
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393	\$27,177,157
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	78.91%	83.13%	97.36%	99.49%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.684675%	0.711449%	0.708997%	0.700746%
City's proportionate share of the net OPEB liability (asset)	\$32,499,962	\$40,309,693	\$6,456,505	\$6,921,777
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372	\$16,769,908
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	220.81%	259.63%	40.03%	41.27%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net OPEB liability (asset)	0.197091%	0.201271%	0.189205%
City's proportionate share of the net OPEB liability (asset)	(\$3,511,330)	(\$6,304,112)	\$1,192,977
City's covered payroll	\$27,451,886	\$27,629,593	\$28,677,679
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(12.79%)	(22.82%)	4.16%
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	128.23%	94.79%

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

Ohio Police and Fire Pension Fund

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net OPEB liability (asset)	0.713153%	0.739344%	0.727749%
City's proportionate share of the net OPEB liability (asset)	\$7,555,970	\$8,103,849	\$5,181,361
City's covered payroll	\$17,643,755	\$18,147,094	\$19,887,089
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	42.83%	44.66%	26.05%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	46.86%	52.59%

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

CITY OF HAMILTON, OHIO

Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans Last Ten Years

Ohio Public Employees Retirement System

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$481,520	\$457,267	\$471,583	\$256,597
Contributions in relation to the contractually required contribution	<u>481,520</u>	<u>457,267</u>	<u>471,583</u>	<u>256,597</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$24,075,983	\$22,863,367	\$23,579,133	\$25,659,746
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$72,855	\$72,044	\$73,593	\$77,629
Contributions in relation to the contractually required contribution	<u>72,855</u>	<u>72,044</u>	<u>73,593</u>	<u>77,629</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,571,091	\$14,408,748	\$14,718,583	\$15,525,792
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$26,172,393	\$27,177,157	\$27,451,886
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$80,637	\$83,850	\$88,219
Contributions in relation to the contractually required contribution	<u>80,637</u>	<u>83,850</u>	<u>88,219</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,127,372	\$16,769,908	\$17,643,755
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans Last Ten Years

Ohio Public Employees Retirement System

Year	2021	2022	2023
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,629,593	\$28,677,679	\$29,991,100
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2021	2022	2023
Contractually required contribution	\$90,735	\$99,435	\$101,094
Contributions in relation to the contractually required contribution	<u>90,735</u>	<u>99,435</u>	<u>101,094</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$18,147,094	\$19,887,089	\$20,218,828
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Seven Years***

Retiree Life Insurance Plan

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability	\$1,386,170	\$1,327,255	\$1,502,960	\$1,631,540
City's covered-employee payroll	38,297,716	41,185,538	42,299,765	43,947,065
Total OPEB liability as a percentage of its covered-employee payroll	3.62%	3.22%	3.55%	3.71%

Source: Finance Director's Office

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Seven Years***

Retiree Life Insurance Plan

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability	\$1,681,865	\$1,252,755	\$754,795
City's covered-employee payroll	45,095,640	45,776,687	48,564,768
Total OPEB liability as a percentage of its covered-employee payroll	3.73%	2.74%	1.55%

Source: Finance Director's Office

Notes: The Retiree Life Insurance Plan has no assets.

The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Total OPEB Liability.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Six Years***

Retiree Life Insurance Plan

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability Beginning of Year	\$1,386,170	\$1,327,255	\$1,502,960
Service cost	15,498	14,686	18,382
Interest	47,062	48,811	40,140
Difference between expected and actual experience	19,734	31,916	21,914
Changes of assumptions	(57,311)	166,583	135,366
Benefit payments	<u>(83,898)</u>	<u>(86,291)</u>	<u>(87,222)</u>
Total OPEB Liability End of Year	<u>\$1,327,255</u>	<u>\$1,502,960</u>	<u>\$1,631,540</u>

Source: Finance Director's Office

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Six Years***

Retiree Life Insurance Plan

Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability Beginning of Year	\$1,631,540	\$1,681,865	\$1,252,755
Service cost	22,442	24,053	12,479
Interest	31,740	29,468	48,908
Difference between expected and actual experience	39,058	(8,500)	(105,958)
Changes of assumptions	46,567	(384,251)	(392,711)
Benefit payments	<u>(89,482)</u>	<u>(89,880)</u>	<u>(60,678)</u>
Total OPEB Liability End of Year	<u><u>\$1,681,865</u></u>	<u><u>\$1,252,755</u></u>	<u><u>\$754,795</u></u>

Source: Finance Director's Office

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information

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

NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

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

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

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

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

NET PENSION LIABILITY – COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

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

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

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

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.

- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.

- The investment rate of return changed from 8.0% to 7.5%.

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

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

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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

TOTAL OPEB LIABILITY – SINGLE EMPLOYER PLAN

RETIREE LIFE INSURANCE PLAN

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

Changes in assumptions:

2018: The single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 disabled retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE FUNDS AND FIDUCIARY FUNDS.*

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts, debt service, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

One Renaissance Center Fund

To account for revenues and expenditures related to the City-owned office tower known as One Renaissance Center. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Unclaimed Monies Fund

To account for the receipt of monies unable to be returned or distributed. The City will hold the receipts for the statutory period and then the monies will be disbursed to the State of Ohio. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Convention and Visitor's Bureau Fund

To account for the Hotel/Motel tax levied on guests of the City where 50% of such tax monies are distributed to the Convention and Visitor's Bureau and 50% is distributed to the City.

Central Business Special Improvement District Fund

To account for the receiving and disbursing of special assessments levied upon real property within the Hamilton Central Business Special Improvement District. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Fire Insurance Deposit Escrow Fund

To account for deposits and reimbursements held for fire damage as prescribed by Ohio Revised Code. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Municipal Court Improvement Fund

To account for an extra five dollar fee charged by the municipal court on all cases. The money received from this fee is restricted for computerization projects within the municipal court.

Public Safety/Health Income Tax Fund

To account for revenue from 0.25% of the City's income tax restricted to expenditures for health and public safety.

One Ohio Opioid Settlement Fund

To account for monies obtained and distributed by the State of Ohio for opioid settlements from drug manufacturers and distributors. It is designated for resources to assist with community drug recovery, prevention and treatment.

(Continued)

Special Revenue Funds (Continued)

Dispute Resolution Proceeds Fund

To account for the collection of certain fees imposed by Municipal Court. These are restricted to dispute resolution.

Safety Services Fund

To account for all monies restricted for public safety services including crime prevention, youth intervention, drug education and helmet and seatbelt safety.

Police Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Police Levy Fund

To account for monies from the one-mill levy to provide additional police personnel, motor vehicles and equipment of the police division.

Firemen's Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Fire EMS Levy Fund

To account for monies from the one-mill levy to provide and maintain an additional front line paramedic unit with the fire division.

Street Levy Fund

To account for a 3.9 mill, 10 year property tax levy which is used to fund street improvements.

Champions Mill Sports Complex TIF Fund

To account for service payments in lieu of taxes levied by the City and remitted to the Hamilton Community Authority pursuant to a cooperative agreement

Stormwater Management Fund

To account for the planning, construction, operation and maintenance of storm water devices.

Refuse Fund

To account for revenues collected to help fund the refuse collection activity of the City. Revenue collected is committed to defray the cost of refuse collection.

(Continued)

Special Revenue Funds (Continued)

Street Maintenance Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees restricted for local street construction, maintenance and repair.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repairs. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Maintenance Fund on a GAAP basis.)

Land Reutilization Fund

To account for State grants from the Moving Ohio Forward program to be used for demolition of vacant, abandoned and blighted properties in the City.

Home Program Fund

To account for federal grants restricted for improvement of the community's housing stock.

Parking Fund

To account for revenues and expenditures associated with the operation of City-owned parking facilities.

Golf Course Fund

To account for revenues and expenditures associated with the operation of two City-owned golf courses.

Community Development Block Grant Fund

To account for federal grants restricted for community and environmental improvements.

Debt Service Fund

The Debt Service Funds are used to account for retirement of the County's general obligation bonds, special assessment bonds and loans other than those financed by proprietary funds.

Debt Service Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

(Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Special Assessment Fund

To account for revenues and expenditures associated with the levy of special assessments on citizen's property.

Municipal Improvement Tax Increment Equivalent (MITIE) Fund

To account for monies deposited as service payments in lieu of taxes distributed by the County Treasurer for improvements exempt from taxation and for their related costs. To account for the deposit of any income tax revenue that has been dedicated to finance the aforementioned improvements.

Fire Station Construction Fund

To account for transfers from the General Fund to be used for the construction costs of building Fire Station 26 on a 2.5 acre site on South Erie Boulevard.

Governmental Building Sale Proceeds Fund

To account for proceeds from the sale of the Hamilton Government Building. A portion of the proceeds were used for infrastructure improvements, and a portion was loaned to developers of the Spooky Nook project.

Issue II Projects Fund

To account for road and bridge construction projects, partially funded by state grants from the Ohio Public Works Commission, pursuant to Auditor of State specifications. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Infrastructure Program Fund

To account for the purpose of improving the City's infrastructure with proceeds from the issuance of gasoline tax revenue general obligation bonds and transfers from other funds.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not *the* principal, may be used to support the City's programs.

Benninghofen Trust Fund

To account for the investment revenues received and uses of the monies from a charitable bequest made to the City for use with the poor by the Benninghofen Family. The bequest cannot be used for any purpose other than generating investment income.

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 30,889,910	\$ 10,936,491	\$ 75,600	\$ 41,902,001
Receivables:				
Taxes	10,119,524	1,844,236	0	11,963,760
Accounts	1,152,324	0	0	1,152,324
Intergovernmental	2,350,006	0	0	2,350,006
Interest	69,542	0	0	69,542
Special Assessments	31,718	381,794	0	413,512
Loans	90,678	3,500,000	0	3,590,678
Leases	42,063	0	0	42,063
Inventory of Supplies, at Cost	40,996	0	0	40,996
Prepaid Items	53,583	0	0	53,583
Total Assets	\$ 44,840,344	\$ 16,662,521	\$ 75,600	\$ 61,578,465
Liabilities:				
Accounts Payable	\$ 1,011,021	\$ 641,913	\$ 0	\$ 1,652,934
Accrued Wages and Benefits Payable	110,685	0	0	110,685
Intergovernmental Payable	84,353	0	0	84,353
Accrued Liabilities	4,431	0	0	4,431
Customer Deposits	4,640	0	0	4,640
Due to Other Funds	12,426	0	0	12,426
Interfund Payable	0	3,046,880	0	3,046,880
Due to Hamilton Community Authority	2,273,916	0	0	2,273,916
Accrued Interest Payable	904	550	0	1,454
General Obligation Notes Payable	3,700,000	2,250,000	0	5,950,000
Total Liabilities	7,202,376	5,939,343	0	13,141,719
Deferred Inflows of Resources:				
Unavailable Amounts	2,846,559	587,168	0	3,433,727
Property Tax Levy for Next Fiscal Year	5,972,213	1,638,862	0	7,611,075
Leases	41,445	0	0	41,445
Total Deferred Inflows of Resources	8,860,217	2,226,030	0	11,086,247
Fund Balance:				
Nonspendable	94,579	0	75,000	169,579
Restricted	23,479,578	466,452	600	23,946,630
Committed	5,203,594	0	0	5,203,594
Assigned	0	9,689,740	0	9,689,740
Unassigned	0	(1,659,044)	0	(1,659,044)
Total Fund Balance	28,777,751	8,497,148	75,600	37,350,499
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 44,840,344	\$ 16,662,521	\$ 75,600	\$ 61,578,465



CITY OF HAMILTON, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund
Revenues:				
Income Taxes	\$ 4,747,576	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	8,188,753	0	1,638,862	0
Intergovernmental Revenues	8,558,175	0	2,385,293	0
Charges for Services	8,826,251	0	0	0
Licenses and Permits	698,105	0	0	0
Investment Earnings	551,792	0	106,743	2,167
Special Assessments	155,692	0	743,090	0
Fines and Forfeitures	299,683	0	0	0
All Other Revenue	552,529	0	82,695	0
Total Revenues	32,578,556	0	4,956,683	2,167
Expenditures:				
Current:				
General Government	201,062	0	0	1,892
Security of Persons and Property	3,783,536	0	0	0
Leisure Time Activities	218,845	0	0	0
Community Environment	5,463,133	0	0	0
Basic Utility Services	7,076,347	0	0	0
Transportation	5,117,998	0	0	0
Capital Outlay	0	0	6,672,216	0
Debt Service:				
Principal Retirement	343,870	1,150,842	0	0
Interest and Fiscal Charges	338,081	1,578,020	98,837	0
Total Expenditures	22,542,872	2,728,862	6,771,053	1,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,035,684	(2,728,862)	(1,814,370)	275
Other Financing Sources (Uses):				
Sale of Capital Assets	35,871	0	0	0
OWDA Loans Issued	384,986	0	0	0
Transfers In	564,289	2,728,862	4,467,867	0
Transfers Out	(1,283,087)	0	(988,000)	0
Total Other Financing Sources (Uses)	(297,941)	2,728,862	3,479,867	0
Net Change in Fund Balance	9,737,743	0	1,665,497	275
Fund Balance at Beginning of Year	19,023,605	0	6,831,651	75,325
Increase in Inventory	16,403	0	0	0
Fund Balance End of Year	\$ 28,777,751	\$ 0	\$ 8,497,148	\$ 75,600

CITY OF HAMILTON, OHIO

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

	Total Nonmajor Governmental Funds
Revenues:	
Income Taxes	\$ 4,747,576
Property and Other Local Taxes	9,827,615
Intergovernmental Revenues	10,943,468
Charges for Services	8,826,251
Licenses and Permits	698,105
Investment Earnings	660,702
Special Assessments	898,782
Fines and Forfeitures	299,683
All Other Revenue	635,224
Total Revenues	37,537,406
Expenditures:	
Current:	
General Government	202,954
Security of Persons and Property	3,783,536
Leisure Time Activities	218,845
Community Environment	5,463,133
Basic Utility Services	7,076,347
Transportation	5,117,998
Capital Outlay	6,672,216
Debt Service:	
Principal Retirement	1,494,712
Interest and Fiscal Charges	2,014,938
Total Expenditures	32,044,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,492,727
Other Financing Sources (Uses):	
Sale of Capital Assets	35,871
OWDA Loans Issued	384,986
Transfers In	7,761,018
Transfers Out	(2,271,087)
Total Other Financing Sources (Uses)	5,910,788
Net Change in Fund Balance	11,403,515
Fund Balance at Beginning of Year	25,930,581
Increase in Inventory	16,403
Fund Balance End of Year	\$ 37,350,499

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023**

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Assets:				
Equity in Pooled Cash and Investments	\$ 0	\$ 0	\$ 172,294	\$ 453,079
Receivables:				
Taxes	31,250	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Special Assessments	0	31,718	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 31,250	\$ 31,718	\$ 172,294	\$ 453,079
Liabilities:				
Accounts Payable	\$ 31,250	\$ 0	\$ 0	\$ 475
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	31,718	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	31,250	31,718	0	475
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	0	0	172,294	452,604
Committed	0	0	0	0
Total Fund Balance	0	0	172,294	452,604
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 31,250	\$ 31,718	\$ 172,294	\$ 453,079

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023***

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Dispute Resolution Proceeds	Safety Services
Assets:				
Equity in Pooled Cash and Investments	\$ 3,860,103	\$ 354,571	\$ 50,407	\$ 4,085,867
Receivables:				
Taxes	1,093,737	0	0	985,607
Accounts	0	0	0	0
Intergovernmental	0	0	0	54,208
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 4,953,840	\$ 354,571	\$ 50,407	\$ 5,125,682
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,996
Accrued Wages and Benefits Payable	0	0	0	5,379
Intergovernmental Payable	0	0	51	2,532
Accrued Liabilities	4,431	0	0	0
Customer Deposits	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	4,431	0	51	9,907
Deferred Inflows of Resources:				
Unavailable Amounts	514,538	0	0	163,965
Property Tax Levy for Next Fiscal Year	0	0	0	875,850
Leases	0	0	0	0
Total Deferred Inflows of Resources	514,538	0	0	1,039,815
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	4,434,871	354,571	50,356	4,075,960
Committed	0	0	0	0
Total Fund Balance	4,434,871	354,571	50,356	4,075,960
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,953,840	\$ 354,571	\$ 50,407	\$ 5,125,682

(Continued)

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023***

	Police Pension	Police Levy	Firemen's Pension	Fire EMS Levy
Assets:				
Equity in Pooled Cash and Investments	\$ 970,205	\$ 2,527,315	\$ 943,875	\$ 2,527,317
Receivables:				
Taxes	295,682	770,726	295,682	770,726
Accounts	0	0	0	0
Intergovernmental	16,262	40,544	16,262	40,544
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 1,282,149	\$ 3,338,585	\$ 1,255,819	\$ 3,338,587
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	49,189	126,372	49,189	126,372
Property Tax Levy for Next Fiscal Year	262,755	684,898	262,755	684,898
Leases	0	0	0	0
Total Deferred Inflows of Resources	311,944	811,270	311,944	811,270
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	970,205	2,527,315	943,875	2,527,317
Committed	0	0	0	0
Total Fund Balance	970,205	2,527,315	943,875	2,527,317
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,282,149	\$ 3,338,585	\$ 1,255,819	\$ 3,338,587

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023***

	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management	Refuse
Assets:				
Equity in Pooled Cash and Investments	\$ 4,596,386	\$ 0	\$ 6,796,017	\$ 1,494,050
Receivables:				
Taxes	3,602,198	2,273,916	0	0
Accounts	0	0	362,418	673,268
Intergovernmental	47,873	0	0	0
Interest	0	0	56,308	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	12,228
Total Assets	\$ 8,246,457	\$ 2,273,916	\$ 7,214,743	\$ 2,179,546
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 239,802	\$ 335,980
Accrued Wages and Benefits Payable	0	0	25,839	21,783
Intergovernmental Payable	0	0	12,140	10,364
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Hamilton Community Authority	0	2,273,916	0	0
Accrued Interest Payable	0	0	904	0
General Obligation Notes Payable	0	0	3,700,000	0
Total Liabilities	0	2,273,916	3,978,685	368,127
Deferred Inflows of Resources:				
Unavailable Amounts	449,014	0	0	0
Property Tax Levy for Next Fiscal Year	3,201,057	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	3,650,071	0	0	0
Fund Balance:				
Nonspendable	0	0	0	12,228
Restricted	4,596,386	0	0	0
Committed	0	0	3,236,058	1,799,191
Total Fund Balance	4,596,386	0	3,236,058	1,811,419
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,246,457	\$ 2,273,916	\$ 7,214,743	\$ 2,179,546

(Continued)

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023***

	Street Maintenance	Land Reutilization	Home Program	Parking
Assets:				
Equity in Pooled Cash and Investments	\$ 1,427,496	\$ 31,124	\$ 119,594	\$ 170,745
Receivables:				
Taxes	0	0	0	0
Accounts	24,391	0	0	78,495
Intergovernmental	1,601,169	185,021	54,157	0
Interest	11,724	0	0	1,395
Special Assessments	0	0	0	0
Loans	0	0	7,771	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	40,996	0	0	0
Prepaid Items	37,885	0	0	3,470
Total Assets	\$ 3,143,661	\$ 216,145	\$ 181,522	\$ 254,105
Liabilities:				
Accounts Payable	\$ 35,527	\$ 2,300	\$ 54,157	\$ 15,527
Accrued Wages and Benefits Payable	46,776	571	125	6,411
Intergovernmental Payable	22,396	375	51	2,989
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	4,640
Due to Other Funds	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	104,699	3,246	54,333	29,567
Deferred Inflows of Resources:				
Unavailable Amounts	1,013,726	185,021	7,771	78,495
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	1,013,726	185,021	7,771	78,495
Fund Balance:				
Nonspendable	78,881	0	0	3,470
Restricted	1,946,355	27,878	119,418	0
Committed	0	0	0	142,573
Total Fund Balance	2,025,236	27,878	119,418	146,043
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,143,661	\$ 216,145	\$ 181,522	\$ 254,105

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023***

	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 16,514	\$ 292,951	\$ 30,889,910
Receivables:			
Taxes	0	0	10,119,524
Accounts	13,752	0	1,152,324
Intergovernmental	0	293,966	2,350,006
Interest	115	0	69,542
Special Assessments	0	0	31,718
Loans	0	82,907	90,678
Leases	42,063	0	42,063
Inventory of Supplies, at Cost	0	0	40,996
Prepaid Items	0	0	53,583
Total Assets	\$ 72,444	\$ 669,824	\$ 44,840,344
Liabilities:			
Accounts Payable	\$ 41	\$ 293,966	\$ 1,011,021
Accrued Wages and Benefits Payable	3,551	250	110,685
Intergovernmental Payable	1,635	102	84,353
Accrued Liabilities	0	0	4,431
Customer Deposits	0	0	4,640
Due to Other Funds	0	12,426	12,426
Due to Hamilton Community Authority	0	0	2,273,916
Accrued Interest Payable	0	0	904
General Obligation Notes Payable	0	0	3,700,000
Total Liabilities	5,227	306,744	7,202,376
Deferred Inflows of Resources:			
Unavailable Amounts	0	82,907	2,846,559
Property Tax Levy for Next Fiscal Year	0	0	5,972,213
Leases	41,445	0	41,445
Total Deferred Inflows of Resources	41,445	82,907	8,860,217
Fund Balance:			
Nonspendable	0	0	94,579
Restricted	0	280,173	23,479,578
Committed	25,772	0	5,203,594
Total Fund Balance	25,772	280,173	28,777,751
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 72,444	\$ 669,824	\$ 44,840,344

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	125,000	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	98,237
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	6,494
Special Assessments	0	155,692	0	0
Fines and Forfeitures	0	0	0	74,471
All Other Revenue	0	0	48,031	0
Total Revenues	125,000	155,692	48,031	179,202
Expenditures:				
Current:				
General Government	125,000	0	71,569	0
Security of Persons and Property	0	0	0	128,334
Leisure Time Activities	0	0	0	0
Community Environment	0	155,692	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	125,000	155,692	71,569	128,334
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(23,538)	50,868
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	(23,538)	50,868
Fund Balance at Beginning of Year	0	0	195,832	401,736
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 172,294	\$ 452,604

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Dispute Resolution Proceeds	Safety Services
Revenues:				
Income Taxes	\$ 4,747,576	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	875,850
Intergovernmental Revenues	0	299,926	0	144,119
Charges for Services	0	0	8,727	17,456
Licenses and Permits	0	0	0	0
Investment Earnings	27,914	(2,204)	731	38,940
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	225,212
All Other Revenue	0	0	0	128,062
Total Revenues	4,775,490	297,722	9,458	1,429,639
Expenditures:				
Current:				
General Government	0	0	4,493	0
Security of Persons and Property	3,289,000	0	0	366,202
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	3,289,000	0	4,493	366,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,486,490	297,722	4,965	1,063,437
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	27,757
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	60,000
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	87,757
Net Change in Fund Balance	1,486,490	297,722	4,965	1,151,194
Fund Balance at Beginning of Year	2,948,381	56,849	45,391	2,924,766
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 4,434,871	\$ 354,571	\$ 50,356	\$ 4,075,960

(Continued)

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023**

	Police Pension	Police Levy	Firemen's Pension	Fire EMS Levy
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	262,755	684,898	262,755	684,898
Intergovernmental Revenues	32,621	81,328	32,621	81,328
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	8,432	22,051	7,982	22,052
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	303,808	788,277	303,358	788,278
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	303,808	788,277	303,358	788,278
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	303,808	788,277	303,358	788,278
Fund Balance at Beginning of Year	666,397	1,739,038	640,517	1,739,039
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 970,205	\$ 2,527,315	\$ 943,875	\$ 2,527,317

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management	Refuse
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	3,201,057	2,091,540	0	0
Intergovernmental Revenues	96,725	0	0	0
Charges for Services	0	0	2,978,341	5,108,927
Licenses and Permits	0	0	0	0
Investment Earnings	7,154	0	316,307	18,251
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	60,830	70,548
Total Revenues	3,304,936	2,091,540	3,355,478	5,197,726
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	2,091,540	0	0
Basic Utility Services	0	0	2,103,859	4,972,488
Transportation	700,886	0	0	0
Debt Service:				
Principal Retirement	0	0	200,711	0
Interest and Fiscal Charges	0	0	276,952	0
Total Expenditures	700,886	2,091,540	2,581,522	4,972,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,604,050	0	773,956	225,238
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	384,986	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	384,986	0
Net Change in Fund Balance	2,604,050	0	1,158,942	225,238
Fund Balance at Beginning of Year	1,992,336	0	2,077,116	1,586,181
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 4,596,386	\$ 0	\$ 3,236,058	\$ 1,811,419

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

	Street Maintenance	Land Reutilization	Home Program	Parking
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	0
Intergovernmental Revenues	4,716,360	0	602,906	0
Charges for Services	304,087	0	0	291,346
Licenses and Permits	698,105	0	0	0
Investment Earnings	56,407	455	2,657	6,329
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	10,995	0	10,000	3,319
Total Revenues	5,785,954	455	615,563	300,994
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	51,392	635,368	0
Basic Utility Services	0	0	0	0
Transportation	3,913,698	0	0	503,414
Debt Service:				
Principal Retirement	0	0	0	134,416
Interest and Fiscal Charges	0	0	0	57,251
Total Expenditures	3,913,698	51,392	635,368	695,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,872,256	(50,937)	(19,805)	(394,087)
Other Financing Sources (Uses):				
Sale of Capital Assets	6,113	2,001	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	50,000	0	441,667
Transfers Out	(1,283,087)	0	0	0
Total Other Financing Sources (Uses)	(1,276,974)	52,001	0	441,667
Net Change in Fund Balance	595,282	1,064	(19,805)	47,580
Fund Balance at Beginning of Year	1,413,551	26,814	139,223	98,463
Increase in Inventory	16,403	0	0	0
Fund Balance End of Year	\$ 2,025,236	\$ 27,878	\$ 119,418	\$ 146,043

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Revenues:			
Income Taxes	\$ 0	\$ 0	\$ 4,747,576
Property and Other Local Taxes	0	0	8,188,753
Intergovernmental Revenues	0	2,470,241	8,558,175
Charges for Services	19,130	0	8,826,251
Licenses and Permits	0	0	698,105
Investment Earnings	2,328	9,512	551,792
Special Assessments	0	0	155,692
Fines and Forfeitures	0	0	299,683
All Other Revenue	194,032	26,712	552,529
Total Revenues	215,490	2,506,465	32,578,556
Expenditures:			
Current:			
General Government	0	0	201,062
Security of Persons and Property	0	0	3,783,536
Leisure Time Activities	218,845	0	218,845
Community Environment	0	2,529,141	5,463,133
Basic Utility Services	0	0	7,076,347
Transportation	0	0	5,117,998
Debt Service:			
Principal Retirement	8,743	0	343,870
Interest and Fiscal Charges	3,878	0	338,081
Total Expenditures	231,466	2,529,141	22,542,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,976)	(22,676)	10,035,684
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	35,871
OWDA Loans Issued	0	0	384,986
Transfers In	12,622	0	564,289
Transfers Out	0	0	(1,283,087)
Total Other Financing Sources (Uses)	12,622	0	(297,941)
Net Change in Fund Balance	(3,354)	(22,676)	9,737,743
Fund Balance at Beginning of Year	29,126	302,849	19,023,605
Increase in Inventory	0	0	16,403
Fund Balance End of Year	\$ 25,772	\$ 280,173	\$ 28,777,751

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023**

	Special Assessment	MITIE	Fire Station Construction	Governmental Building Sale Proceeds
Assets:				
Equity in Pooled Cash and Investments	\$ 1,453,137	\$ 466,452	\$ 6,064,457	\$ 7,830
Receivables:				
Taxes	0	1,844,236	0	0
Special Assessments	381,794	0	0	0
Loans	0	0	0	3,500,000
Total Assets	\$ 1,834,931	\$ 2,310,688	\$ 6,064,457	\$ 3,507,830
Liabilities:				
Accounts Payable	\$ 65,301	\$ 0	\$ 5,693	\$ 0
Interfund Payable	3,046,880	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	3,112,181	0	5,693	0
Deferred Inflows of Resources:				
Unavailable Amounts	381,794	205,374	0	0
Property Tax Levy for Next Fiscal Year	0	1,638,862	0	0
Total Deferred Inflows of Resources	381,794	1,844,236	0	0
Fund Balance:				
Restricted	0	466,452	0	0
Assigned	0	0	6,058,764	3,507,830
Unassigned	(1,659,044)	0	0	0
Total Fund Balance	(1,659,044)	466,452	6,058,764	3,507,830
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,834,931	\$ 2,310,688	\$ 6,064,457	\$ 3,507,830

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023***

	Infrastructure Program	Total Nonmajor Capital Projects Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 2,944,615	\$ 10,936,491
Receivables:		
Taxes	0	1,844,236
Special Assessments	0	381,794
Loans	0	3,500,000
Total Assets	\$ 2,944,615	\$ 16,662,521
Liabilities:		
Accounts Payable	\$ 570,919	\$ 641,913
Interfund Payable	0	3,046,880
Accrued Interest Payable	550	550
General Obligation Notes Payable	2,250,000	2,250,000
Total Liabilities	2,821,469	5,939,343
Deferred Inflows of Resources:		
Unavailable Amounts	0	587,168
Property Tax Levy for Next Fiscal Year	0	1,638,862
Total Deferred Inflows of Resources	0	2,226,030
Fund Balance:		
Restricted	0	466,452
Assigned	123,146	9,689,740
Unassigned	0	(1,659,044)
Total Fund Balance	123,146	8,497,148
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,944,615	\$ 16,662,521

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

	Special Assessment	MITIE	Fire Station Construction	Governmental Building Sale Proceeds
Revenues:				
Property and Other Local Taxes	\$ 0	\$ 1,638,862	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Investment Earnings	(11,116)	10,069	43,933	183
Special Assessments	743,090	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	731,974	1,648,931	43,933	183
Expenditures:				
Capital Outlay	203,070	939,783	125,117	1,800
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	203,070	939,783	125,117	1,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	528,904	709,148	(81,184)	(1,617)
Other Financing Sources (Uses):				
Transfers In	25,000	0	2,300,000	0
Transfers Out	(212,514)	(775,486)	0	0
Total Other Financing Sources (Uses)	(187,514)	(775,486)	2,300,000	0
Net Change in Fund Balance	341,390	(66,338)	2,218,816	(1,617)
Fund Balance at Beginning of Year	(2,000,434)	532,790	3,839,948	3,509,447
Fund Balance End of Year	\$ (1,659,044)	\$ 466,452	\$ 6,058,764	\$ 3,507,830

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

	Issue II Projects	Infrastructure Program	Total Nonmajor Capital Project Funds
Revenues:			
Property and Other Local Taxes	\$ 0	\$ 0	\$ 1,638,862
Intergovernmental Revenues	1,149,967	1,235,326	2,385,293
Investment Earnings	0	63,674	106,743
Special Assessments	0	0	743,090
All Other Revenue	0	82,695	82,695
Total Revenues	<u>1,149,967</u>	<u>1,381,695</u>	<u>4,956,683</u>
Expenditures:			
Capital Outlay	1,149,967	4,252,479	6,672,216
Debt Service:			
Interest and Fiscal Charges	0	98,837	98,837
Total Expenditures	<u>1,149,967</u>	<u>4,351,316</u>	<u>6,771,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,969,621)	(1,814,370)
Other Financing Sources (Uses):			
Transfers In	0	2,142,867	4,467,867
Transfers Out	0	0	(988,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,142,867</u>	<u>3,479,867</u>
Net Change in Fund Balance	0	(826,754)	1,665,497
Fund Balance at Beginning of Year	<u>0</u>	<u>949,900</u>	<u>6,831,651</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 123,146</u>	<u>\$ 8,497,148</u>

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 25,482,500	\$ 28,290,377	\$ 28,946,359	\$ 655,982
Property and Other Local Taxes	5,750,000	5,815,000	5,929,387	114,387
Intergovernmental Revenues	2,760,400	4,454,600	5,156,494	701,894
Charges for Services	18,865,668	18,865,668	15,283,080	(3,582,588)
Licenses and Permits	1,062,570	1,062,570	1,219,847	157,277
Investment Earnings	302,500	1,602,500	1,775,325	172,825
Fines and Forfeitures	421,318	421,318	566,654	145,336
All Other Revenue	326,525	451,684	480,219	28,535
Total Revenues	<u>54,971,481</u>	<u>60,963,717</u>	<u>59,357,365</u>	<u>(1,606,352)</u>
Expenditures:				
Security of Persons and Property:				
Municipal Court:				
Personal Services	1,826,120	1,826,120	1,613,283	212,837
Other Expenditures	442,375	705,130	617,695	87,435
Total Municipal Court	<u>2,268,495</u>	<u>2,531,250</u>	<u>2,230,978</u>	<u>300,272</u>
Police:				
Personal Services	16,478,858	18,085,739	17,333,173	752,566
Other Expenditures	1,664,963	1,962,970	1,668,858	294,112
Total Police	<u>18,143,821</u>	<u>20,048,709</u>	<u>19,002,031</u>	<u>1,046,678</u>
Fire:				
Personal Services	14,079,969	15,542,887	15,151,304	391,583
Other Expenditures	1,498,965	1,646,858	1,515,366	131,492
Total Fire	<u>15,578,934</u>	<u>17,189,745</u>	<u>16,666,670</u>	<u>523,075</u>
Total Security of Persons and Property	<u>35,991,250</u>	<u>39,769,704</u>	<u>37,899,679</u>	<u>1,870,025</u>
Public Health and Welfare Services:				
Health:				
Personal Services	878,948	763,948	632,943	131,005
Other Expenditures	339,998	353,283	352,488	795
Total Public Health and Welfare Services	<u>1,218,946</u>	<u>1,117,231</u>	<u>985,431</u>	<u>131,800</u>

(Continued)

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Department of Planning:				
Personal Services	1,187,461	1,257,461	1,212,486	44,975
Other Expenditures	181,591	172,362	155,626	16,736
Total Department of Planning	1,369,052	1,429,823	1,368,112	61,711
CDBG:				
Other Expenditures	50,000	57,877	116,314	(58,437)
Total CDBG	50,000	57,877	116,314	(58,437)
Total Community Environment	1,419,052	1,487,700	1,484,426	3,274
Basic Utility Services:				
Public Works:				
Personal Services	1,356,248	1,355,761	1,319,906	35,855
Other Expenditures	291,600	298,413	277,610	20,803
Total Basic Utility Services	1,647,848	1,654,174	1,597,516	56,658
General Government:				
City Council:				
Personal Services	80,168	92,507	90,383	2,124
Other Expenditures	9,601	9,600	4,461	5,139
Total City Council	89,769	102,107	94,844	7,263
City Clerk:				
Personal Services	84,004	88,004	84,034	3,970
Other Expenditures	15,710	15,710	10,262	5,448
Total City Clerk	99,714	103,714	94,296	9,418
City Manager:				
Personal Services	552,865	572,865	558,474	14,391
Other Expenditures	12,960	32,896	22,924	9,972
Total City Manager	565,825	605,761	581,398	24,363
Neighborhoods:				
Personal Services	633,371	533,371	495,616	37,755
Other Expenditures	137,474	193,091	147,203	45,888
Total Neighborhoods	770,845	726,462	642,819	83,643

(Continued)

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Department of Law:				
Personal Services	628,934	628,934	589,014	39,920
Other Expenditures	523,516	499,968	335,728	164,240
Total Department of Law	<u>1,152,450</u>	<u>1,128,902</u>	<u>924,742</u>	<u>204,160</u>
Department of Civil Service:				
Personal Services	623,545	623,545	594,634	28,911
Other Expenditures	14,651	14,626	14,554	72
Total Department of Civil Service	<u>638,196</u>	<u>638,171</u>	<u>609,188</u>	<u>28,983</u>
Finance:				
Personal Services	1,521,054	1,471,053	1,412,669	58,384
Other Expenditures	1,220,137	1,205,420	698,440	506,980
Total Finance	<u>2,741,191</u>	<u>2,676,473</u>	<u>2,111,109</u>	<u>565,364</u>
Special Appropriations - General:				
Personal Services	104,574	109,574	102,908	6,666
Other Expenditures	7,437,704	9,210,760	8,554,111	656,649
Total Special Appropriations - General	<u>7,542,278</u>	<u>9,320,334</u>	<u>8,657,019</u>	<u>663,315</u>
Special Appropriations:				
Personal Services	92,007	92,007	69,108	22,899
Other Expenditures	2,884,520	2,644,521	2,407,437	237,084
Total Special Appropriations	<u>2,976,527</u>	<u>2,736,528</u>	<u>2,476,545</u>	<u>259,983</u>
Total General Government	<u>16,576,795</u>	<u>18,038,452</u>	<u>16,191,960</u>	<u>1,846,492</u>
Total Expenditures	<u>56,853,891</u>	<u>62,067,261</u>	<u>58,159,012</u>	<u>3,908,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,882,410)	(1,103,544)	1,198,353	2,301,897
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	151,376	151,376
Transfers Out	(1,276,990)	(7,241,426)	(6,049,511)	1,191,915
Total Other Financing Sources (Uses)	<u>(1,276,990)</u>	<u>(7,241,426)</u>	<u>(5,898,135)</u>	<u>1,343,291</u>
Net Change in Fund Balance	(3,159,400)	(8,344,970)	(4,699,782)	3,645,188
Fund Balance at Beginning of Year	9,994,206	9,994,206	9,994,206	0
Prior Year Encumbrances	3,159,400	3,159,400	3,159,400	0
Fund Balance at End of Year	<u>\$ 9,994,206</u>	<u>\$ 4,808,636</u>	<u>\$ 8,453,824</u>	<u>\$ 3,645,188</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2023***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 424	\$ 354
All Other Revenue	1,425	1,425	1,501	76
Total Revenues	1,495	1,495	1,925	430
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	500	500	240	260
Total Expenditures	500	500	240	260
Net Change in Fund Balance	995	995	1,685	690
Fund Balance at Beginning of Year	14,162	14,162	14,162	0
Fund Balance at End of Year	\$ 15,157	\$ 15,157	\$ 15,847	\$ 690

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Hamilton Capital Improvement Fund
For the Year Ended December 31, 2023***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 3,285,000	\$ 3,286,486	\$ 3,734,988	\$ 448,502
Intergovernmental Revenues	630,000	2,213,563	1,828,747	(384,816)
All Other Revenue	963,476	963,476	153,761	(809,715)
Total Revenues	<u>4,878,476</u>	<u>6,463,525</u>	<u>5,717,496</u>	<u>(746,029)</u>
Expenditures:				
Capital Outlay	5,301,838	13,011,550	11,540,453	1,471,097
Debt Service:				
Principal Retirement	0	2,500,000	2,500,000	0
Interest and Fiscal Charges	0	115,023	109,763	5,260
Total Expenditures	<u>5,301,838</u>	<u>15,626,573</u>	<u>14,150,216</u>	<u>1,476,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(423,362)	(9,163,048)	(8,432,720)	730,328
Other Financing Sources (Uses):				
Sale of Capital Assets	27,000	27,000	446,482	419,482
Note Issuance	0	2,500,000	2,500,000	0
Debt Issuance Premium	0	15,300	21,000	5,700
Transfers In	76,950	3,402,761	3,402,761	0
Transfers Out	(2,842,485)	(2,847,485)	(2,843,181)	4,304
Total Other Financing Sources (Uses)	<u>(2,738,535)</u>	<u>3,097,576</u>	<u>3,527,062</u>	<u>429,486</u>
Net Change in Fund Balance	(3,161,897)	(6,065,472)	(4,905,658)	1,159,814
Fund Balance at Beginning of Year	5,223,280	5,223,280	5,223,280	0
Prior Year Encumbrances	2,683,195	2,683,195	2,683,195	0
Fund Balance at End of Year	<u>\$ 4,744,578</u>	<u>\$ 1,841,003</u>	<u>\$ 3,000,817</u>	<u>\$ 1,159,814</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Criminal Justice Center Construction Fund
For the Year Ended December 31, 2023***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 787,398	\$ 787,398
Total Revenues	0	0	787,398	787,398
Expenditures:				
Capital Outlay	50,000	31,042,948	30,715,474	327,474
Debt Service:				
Principal Retirement	23,000,000	23,000,000	23,000,000	0
Interest and Fiscal Charges	953,125	1,093,885	1,009,823	84,062
Total Expenditures	24,003,125	55,136,833	54,725,297	411,536
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(24,003,125)	(55,136,833)	(53,937,899)	1,198,934
Other Financing Sources (Uses):				
General Obligation Notes Issued	23,000,000	23,140,760	23,193,200	52,440
Transfers In	953,125	953,125	0	(953,125)
Total Other Financing Sources (Uses)	23,953,125	24,093,885	23,193,200	(900,685)
Net Change in Fund Balance	(50,000)	(31,042,948)	(30,744,699)	298,249
Fund Balance at Beginning of Year	30,992,948	30,992,948	30,992,948	0
Prior Year Encumbrances	50,000	50,000	50,000	0
Fund Balance at End of Year	\$ 30,992,948	\$ 0	\$ 298,249	\$ 298,249

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

ONE RENAISSANCE CENTER FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,522,268	\$ 2,522,268	\$ 2,397,369	\$ (124,899)
Total Revenues	2,522,268	2,522,268	2,397,369	(124,899)
Expenditures:				
General Government:				
Other Expenditures	2,931,221	2,888,488	2,520,302	368,186
Total Expenditures	2,931,221	2,888,488	2,520,302	368,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(408,953)	(366,220)	(122,933)	243,287
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	38	38
Total Other Financing Sources (Uses)	0	0	38	38
Net Change in Fund Balance	(408,953)	(366,220)	(122,895)	243,325
Fund Balance at Beginning of Year	164,730	164,730	164,730	0
Prior Year Encumbrances	411,760	411,760	411,760	0
Fund Balance at End of Year	\$ 167,537	\$ 210,270	\$ 453,595	\$ 243,325

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

UNCLAIMED MONIES FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenue	\$ 5,000	\$ 5,000	\$ 325	\$ (4,675)
Total Revenues	5,000	5,000	325	(4,675)
Expenditures:				
General Government:				
Other Expenditures	20,000	20,000	16,536	3,464
Total Expenditures	20,000	20,000	16,536	3,464
Net Change in Fund Balance	(15,000)	(15,000)	(16,211)	(1,211)
Fund Balance at Beginning of Year	36,309	36,309	36,309	0
Fund Balance at End of Year	\$ 21,309	\$ 21,309	\$ 20,098	\$ (1,211)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

CONVENTION AND VISITOR'S BUREAU FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 125,000	\$ 125,000	\$ 125,000	\$ 0
Total Revenues	125,000	125,000	125,000	0
Expenditures:				
General Government:				
Other Expenditures	156,250	156,250	156,250	0
Total Expenditures	156,250	156,250	156,250	0
Net Change in Fund Balance	(31,250)	(31,250)	(31,250)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	31,250	31,250	31,250	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

MUNICIPAL COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 82,406	\$ 82,406	\$ 98,237	\$ 15,831
Fines and Forfeitures	67,370	67,370	72,304	4,934
Total Revenues	149,776	149,776	170,541	20,765
Expenditures:				
Security of Persons and Property:				
Other Expenditures	328,155	349,945	152,859	197,086
Total Expenditures	328,155	349,945	152,859	197,086
Net Change in Fund Balance	(178,379)	(200,169)	17,682	217,851
Fund Balance at Beginning of Year	399,911	399,911	399,911	0
Prior Year Encumbrances	7,905	7,905	7,905	0
Fund Balance at End of Year	\$ 229,437	\$ 207,647	\$ 425,498	\$ 217,851

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

PUBLIC SAFETY/HEALTH INCOME TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Income Taxes	\$ 4,114,500	\$ 4,114,500	\$ 4,668,736	\$ 554,236
Total Revenues	4,114,500	4,114,500	4,668,736	554,236
Expenditures:				
Security of Persons and Property:				
Other Expenditures	3,792,585	3,792,585	3,289,000	503,585
Total Expenditures	3,792,585	3,792,585	3,289,000	503,585
Net Change in Fund Balance	321,915	321,915	1,379,736	1,057,821
Fund Balance at Beginning of Year	2,521,894	2,521,894	2,521,894	0
Fund Balance at End of Year	\$ 2,843,809	\$ 2,843,809	\$ 3,901,630	\$ 1,057,821

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

ONE OHIO OPIOID SETTLEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 284,014	\$ 299,926	\$ 15,912
Total Revenues	<u>0</u>	<u>284,014</u>	<u>299,926</u>	<u>15,912</u>
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	0	342,473	0	342,473
Total Expenditures	<u>0</u>	<u>342,473</u>	<u>0</u>	<u>342,473</u>
Net Change in Fund Balance	0	(58,459)	299,926	358,385
Fund Balance at Beginning of Year	58,459	58,459	58,459	0
Fund Balance at End of Year	<u>\$ 58,459</u>	<u>\$ 0</u>	<u>\$ 358,385</u>	<u>\$ 358,385</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

DISPUTE RESOLUTION PROCEEDS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 7,300	\$ 7,300	\$ 8,802	\$ 1,502
Total Revenues	7,300	7,300	8,802	1,502
Expenditures:				
General Government:				
Personal Services	5,074	5,074	4,488	586
Other Expenditures	1,000	1,000	0	1,000
Total Expenditures	6,074	6,074	4,488	1,586
Net Change in Fund Balance	1,226	1,226	4,314	3,088
Fund Balance at Beginning of Year	45,987	45,987	45,987	0
Fund Balance at End of Year	\$ 47,213	\$ 47,213	\$ 50,301	\$ 3,088

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

SAFETY SERVICES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 820,000	\$ 820,000	\$ 875,850	\$ 55,850
Intergovernmental Revenues	115,056	135,385	144,119	8,734
Charges for Services	22,755	22,755	17,456	(5,299)
Fines and Forfeitures	225,200	225,200	223,827	(1,373)
All Other Revenue	35,500	35,500	128,062	92,562
Total Revenues	<u>1,218,511</u>	<u>1,238,840</u>	<u>1,389,314</u>	<u>150,474</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	288,842	288,842	237,799	51,043
Other Expenditures	1,275,482	1,309,069	131,988	1,177,081
Total Expenditures	<u>1,564,324</u>	<u>1,597,911</u>	<u>369,787</u>	<u>1,228,124</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(345,813)	(359,071)	1,019,527	1,378,598
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	27,757	17,757
Transfers In	80,000	80,000	60,000	(20,000)
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>90,000</u>	<u>87,757</u>	<u>(2,243)</u>
Net Change in Fund Balance	(255,813)	(269,071)	1,107,284	1,376,355
Fund Balance at Beginning of Year	3,002,079	3,002,079	3,002,079	0
Prior Year Encumbrances	1,846	1,846	1,846	0
Fund Balance at End of Year	<u>\$ 2,748,112</u>	<u>\$ 2,734,854</u>	<u>\$ 4,111,209</u>	<u>\$ 1,376,355</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

POLICE PENSION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 262,755	\$ 22,755
Intergovernmental Revenues	42,000	42,000	32,621	(9,379)
Total Revenues	282,000	282,000	295,376	13,376
Expenditures:				
Security of Persons and Property:				
Other Expenditures	240,000	240,000	0	240,000
Total Expenditures	240,000	240,000	0	240,000
Net Change in Fund Balance	42,000	42,000	295,376	253,376
Fund Balance at Beginning of Year	685,266	685,266	685,266	0
Fund Balance at End of Year	\$ 727,266	\$ 727,266	\$ 980,642	\$ 253,376

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

POLICE LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 684,898	\$ 34,898
Intergovernmental Revenues	82,000	82,000	81,328	(672)
Total Revenues	732,000	732,000	766,226	34,226
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,025,000	1,025,000	0	1,025,000
Total Expenditures	1,025,000	1,025,000	0	1,025,000
Net Change in Fund Balance	(293,000)	(293,000)	766,226	1,059,226
Fund Balance at Beginning of Year	1,788,278	1,788,278	1,788,278	0
Fund Balance at End of Year	\$ 1,495,278	\$ 1,495,278	\$ 2,554,504	\$ 1,059,226

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

FIREMEN'S PENSION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 262,755	\$ 22,755
Intergovernmental Revenues	32,000	32,000	32,621	621
Total Revenues	272,000	272,000	295,376	23,376
Expenditures:				
Security of Persons and Property:				
Other Expenditures	340,000	340,000	0	340,000
Total Expenditures	340,000	340,000	0	340,000
Net Change in Fund Balance	(68,000)	(68,000)	295,376	363,376
Fund Balance at Beginning of Year	658,653	658,653	658,653	0
Fund Balance at End of Year	\$ 590,653	\$ 590,653	\$ 954,029	\$ 363,376

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

FIRE EMS LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 684,898	\$ 34,898
Intergovernmental Revenues	85,000	85,000	81,328	(3,672)
Total Revenues	735,000	735,000	766,226	31,226
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,025,000	1,025,000	0	1,025,000
Total Expenditures	1,025,000	1,025,000	0	1,025,000
Net Change in Fund Balance	(290,000)	(290,000)	766,226	1,056,226
Fund Balance at Beginning of Year	1,788,280	1,788,280	1,788,280	0
Fund Balance at End of Year	\$ 1,498,280	\$ 1,498,280	\$ 2,554,506	\$ 1,056,226

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

STREET LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,201,057	\$ 1,057
Intergovernmental Revenues	100,000	100,000	96,725	(3,275)
Total Revenues	3,300,000	3,300,000	3,297,782	(2,218)
Expenditures:				
Community Environment:				
Other Expenditures	5,047,277	5,212,516	5,212,006	510
Total Expenditures	5,047,277	5,212,516	5,212,006	510
Net Change in Fund Balance	(1,747,277)	(1,912,516)	(1,914,224)	(1,708)
Fund Balance at Beginning of Year	1,273,326	1,273,326	1,273,326	0
Prior Year Encumbrances	782,277	782,277	782,277	0
Fund Balance at End of Year	\$ 308,326	\$ 143,087	\$ 141,379	\$ (1,708)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

CHAMPIONS MILL SPORTS COMPLEX TIF FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 1,809,000	\$ 2,091,540	\$ 2,091,540	\$ 0
Total Revenues	1,809,000	2,091,540	2,091,540	0
Expenditures:				
General Government:				
Other Expenditures	1,809,000	2,091,540	2,091,540	0
Total Expenditures	1,809,000	2,091,540	2,091,540	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

STORMWATER MANAGEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 3,015,946	\$ 3,015,946	\$ 2,985,362	\$ (30,584)
Investment Earnings	20,000	20,000	184,766	164,766
All Other Revenue	25,000	25,000	29,750	4,750
Total Revenues	3,060,946	3,060,946	3,199,878	138,932
Expenditures:				
Basic Utility Services:				
Personal Services	1,011,011	1,009,405	936,730	72,675
Other Expenditures	3,235,164	3,439,651	3,333,759	105,892
Debt Service:				
Principal Retirement	3,873,927	3,873,927	3,871,476	2,451
Interest and Fiscal Charges	260,827	283,471	273,880	9,591
Total Expenditures	8,380,929	8,606,454	8,415,845	190,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,319,983)	(5,545,508)	(5,215,967)	329,541
Other Financing Sources (Uses):				
OWDA Loan Proceeds	3,700,000	3,700,000	385,892	(3,314,108)
Note Issuance	0	0	3,700,000	3,700,000
Premium on Debt Issuance	0	22,644	31,080	8,436
Total Other Financing Sources (Uses)	3,700,000	3,722,644	4,116,972	394,328
Net Change in Fund Balance	(1,619,983)	(1,822,864)	(1,098,995)	723,869
Fund Balance at Beginning of Year	5,333,869	5,333,869	5,333,869	0
Prior Year Encumbrances	638,835	638,835	638,835	0
Fund Balance at End of Year	\$ 4,352,721	\$ 4,149,840	\$ 4,873,709	\$ 723,869

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

REFUSE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,081,052	\$ 5,081,052	\$ 5,138,818	\$ 57,766
All Other Revenue	74,000	74,000	70,548	(3,452)
Total Revenues	<u>5,155,052</u>	<u>5,155,052</u>	<u>5,209,366</u>	<u>54,314</u>
Expenditures:				
Basic Utility Services:				
Personal Services	843,040	843,040	786,934	56,106
Other Expenditures	4,619,430	4,990,201	4,545,144	445,057
Total Expenditures	<u>5,462,470</u>	<u>5,833,241</u>	<u>5,332,078</u>	<u>501,163</u>
Net Change in Fund Balance	(307,418)	(678,189)	(122,712)	555,477
Fund Balance at Beginning of Year	912,555	912,555	912,555	0
Prior Year Encumbrances	331,530	331,530	331,530	0
Fund Balance at End of Year	<u>\$ 936,667</u>	<u>\$ 565,896</u>	<u>\$ 1,121,373</u>	<u>\$ 555,477</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

STREET MAINTENANCE FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 4,413,000	\$ 4,413,000	\$ 4,700,711	\$ 287,711
Charges for Services	375,000	375,000	304,087	(70,913)
Licenses and Permits	415,000	415,000	418,863	3,863
Investment Earnings	9,000	9,000	31,733	22,733
All Other Revenue	10,000	10,000	13,494	3,494
Total Revenues	5,222,000	5,222,000	5,468,888	246,888
Expenditures:				
Transportation:				
Personal Services	1,767,810	1,865,565	1,787,243	78,322
Other Expenditures	2,559,137	2,562,617	2,437,528	125,089
Total Expenditures	4,326,947	4,428,182	4,224,771	203,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	895,053	793,818	1,244,117	450,299
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	6,113	6,113
Transfers Out	(1,000,000)	(1,000,000)	(1,000,000)	0
Total Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	(993,887)	6,113
Net Change in Fund Balance	(104,947)	(206,182)	250,230	456,412
Fund Balance at Beginning of Year	808,679	808,679	808,679	0
Prior Year Encumbrances	170,667	170,667	170,667	0
Fund Balance at End of Year	\$ 874,399	\$ 773,164	\$ 1,229,576	\$ 456,412

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

MOTOR VEHICLE LICENSE TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 279,242	\$ (20,758)
Investment Earnings	200	200	3,845	3,645
Total Revenues	300,200	300,200	283,087	(17,113)
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,200	300,200	283,087	(17,113)
Other Financing Sources (Uses):				
Transfers Out	(300,000)	(300,000)	(283,087)	16,913
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(283,087)	16,913
Net Change in Fund Balance	200	200	0	(200)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 200	\$ 200	\$ 0	\$ (200)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

LAND REUTILIZATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Community Environment:				
Personal Services	39,329	39,329	36,592	2,737
Other Expenditures	22,700	15,100	15,100	0
Total Expenditures	62,029	54,429	51,692	2,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,029)	(54,429)	(51,692)	2,737
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	2,001	(2,999)
Transfers In	50,000	50,000	50,000	0
Total Other Financing Sources (Uses)	55,000	55,000	52,001	(2,999)
Net Change in Fund Balance	(7,029)	571	309	(262)
Fund Balance at Beginning of Year	20,898	20,898	20,898	0
Prior Year Encumbrances	7,700	7,700	7,700	0
Fund Balance at End of Year	\$ 21,569	\$ 29,169	\$ 28,907	\$ (262)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

HOME PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,230,664	\$ 1,673,551	\$ 569,312	\$ (1,104,239)
All Other Revenue	392,165	467,165	10,000	(457,165)
Total Revenues	<u>1,622,829</u>	<u>2,140,716</u>	<u>579,312</u>	<u>(1,561,404)</u>
Expenditures:				
Community Environment:				
Personal Services	19,676	21,276	853	20,423
Other Expenditures	1,746,318	2,262,605	1,146,160	1,116,445
Total Expenditures	<u>1,765,994</u>	<u>2,283,881</u>	<u>1,147,013</u>	<u>1,136,868</u>
Net Change in Fund Balance	(143,165)	(143,165)	(567,701)	(424,536)
Fund Balance at Beginning of Year	(731,089)	(731,089)	(731,089)	0
Prior Year Encumbrances	874,254	874,254	874,254	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (424,536)</u>	<u>\$ (424,536)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

PARKING FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 311,000	\$ 311,000	\$ 291,346	\$ (19,654)
Investment Earnings	1,000	1,000	1,916	916
All Other Revenue	5,000	5,000	3,319	(1,681)
Total Revenues	317,000	317,000	296,581	(20,419)
Expenditures:				
Transportation:				
Personal Services	226,147	226,147	218,223	7,924
Other Expenditures	405,106	402,288	396,216	6,072
Debt Service:				
Principal Retirement	134,416	134,416	134,416	0
Interest and Fiscal Charges	57,251	57,251	57,251	0
Total Expenditures	822,920	820,102	806,106	13,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(505,920)	(503,102)	(509,525)	(6,423)
Other Financing Sources (Uses):				
Transfers In	391,667	441,667	441,667	0
Total Other Financing Sources (Uses)	391,667	441,667	441,667	0
Net Change in Fund Balance	(114,253)	(61,435)	(67,858)	(6,423)
Fund Balance at Beginning of Year	51,300	51,300	51,300	0
Prior Year Encumbrances	143,296	143,296	143,296	0
Fund Balance at End of Year	\$ 80,343	\$ 133,161	\$ 126,738	\$ (6,423)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

GOLF COURSE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 17,457	\$ 17,457	\$ 20,076	\$ 2,619
Investment Earnings	200	200	0	(200)
All Other Revenue	270,000	270,000	180,280	(89,720)
Total Revenues	287,657	287,657	200,356	(87,301)
Expenditures:				
Leisure Time Activities:				
Personal Services	129,773	134,773	130,155	4,618
Other Expenditures	126,173	125,986	88,873	37,113
Debt Service:				
Principal Retirement	8,486	8,486	8,743	(257)
Interest and Fiscal Charges	4,181	4,181	3,878	303
Total Expenditures	268,613	273,426	231,649	41,777
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	19,044	14,231	(31,293)	(45,524)
Other Financing Sources (Uses):				
Transfers In	12,667	12,667	12,622	(45)
Total Other Financing Sources (Uses)	12,667	12,667	12,622	(45)
Net Change in Fund Balance	31,711	26,898	(18,671)	(45,569)
Fund Balance at Beginning of Year	32,072	32,072	32,072	0
Prior Year Encumbrances	293	293	293	0
Fund Balance at End of Year	\$ 64,076	\$ 59,263	\$ 13,694	\$ (45,569)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 3,307,684	\$ 6,016,006	\$ 2,392,110	\$ (3,623,896)
Investment Earnings	233	8,226	4,080	(4,146)
All Other Revenue	605,793	713,793	26,712	(687,081)
Total Revenues	<u>3,913,710</u>	<u>6,738,025</u>	<u>2,422,902</u>	<u>(4,315,123)</u>
Expenditures:				
Community Environment:				
Personal Services	126,976	77,651	7,299	70,352
Other Expenditures	3,832,836	6,908,806	2,824,026	4,084,780
Total Expenditures	<u>3,959,812</u>	<u>6,986,457</u>	<u>2,831,325</u>	<u>4,155,132</u>
Net Change in Fund Balance	(46,102)	(248,432)	(408,423)	(159,991)
Fund Balance at Beginning of Year	(704,853)	(704,853)	(704,853)	0
Prior Year Encumbrances	1,016,562	1,016,562	1,016,562	0
Fund Balance at End of Year	<u>\$ 265,607</u>	<u>\$ 63,277</u>	<u>\$ (96,714)</u>	<u>\$ (159,991)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2023***

DEBT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	1,673,750	1,678,750	1,623,217	55,533
Interest and Fiscal Charges	1,555,562	1,571,142	1,578,112	(6,970)
Total Expenditures	3,229,312	3,249,892	3,201,329	48,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,229,312)	(3,249,892)	(3,201,329)	48,563
Other Financing Sources (Uses):				
Transfers In	3,229,312	3,249,892	3,201,329	(48,563)
Total Other Financing Sources (Uses)	3,229,312	3,249,892	3,201,329	(48,563)
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

SPECIAL ASSESSMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 713,704	\$ 713,704	\$ 743,090	\$ 29,386
Total Revenues	<u>713,704</u>	<u>713,704</u>	<u>743,090</u>	<u>29,386</u>
Expenditures:				
Capital Outlay	1,487,391	1,582,546	1,440,680	141,866
Total Expenditures	<u>1,487,391</u>	<u>1,582,546</u>	<u>1,440,680</u>	<u>141,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(773,687)	(868,842)	(697,590)	171,252
Other Financing Sources (Uses):				
Transfers In	0	205,000	25,000	(180,000)
Transfers Out	(713,704)	(729,284)	(684,890)	44,394
Advances In	1,700,000	1,900,000	1,900,000	0
Advances Out	(400,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	<u>586,296</u>	<u>875,716</u>	<u>740,110</u>	<u>(135,606)</u>
Net Change in Fund Balance	(187,391)	6,874	42,520	35,646
Fund Balance at Beginning of Year	(23,340)	(23,340)	(23,340)	0
Prior Year Encumbrances	187,391	187,391	187,391	0
Fund Balance at End of Year	<u>\$ (23,340)</u>	<u>\$ 170,925</u>	<u>\$ 206,571</u>	<u>\$ 35,646</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

MUNICIPAL IMPROVEMENT TAX INCREMENT EQUIVALENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 1,494,100	\$ 1,726,935	\$ 1,638,862	\$ (88,073)
Total Revenues	1,494,100	1,726,935	1,638,862	(88,073)
Expenditures:				
Capital Outlay	950,330	1,022,812	939,783	83,029
Total Expenditures	950,330	1,022,812	939,783	83,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	543,770	704,123	699,079	(5,044)
Other Financing Sources (Uses):				
Transfers Out	(613,477)	(775,494)	(775,486)	8
Total Other Financing Sources (Uses)	(613,477)	(775,494)	(775,486)	8
Net Change in Fund Balance	(69,707)	(71,371)	(76,407)	(5,036)
Fund Balance at Beginning of Year	547,877	547,877	547,877	0
Fund Balance at End of Year	\$ 478,170	\$ 476,506	\$ 471,470	\$ (5,036)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

FIRE STATION CONSTRUCTION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	10,960	6,264,923	151,877	6,113,046
Total Expenditures	10,960	6,264,923	151,877	6,113,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,960)	(6,264,923)	(151,877)	6,113,046
Other Financing Sources (Uses):				
Transfers In	0	2,300,000	2,300,000	0
Total Other Financing Sources (Uses)	0	2,300,000	2,300,000	0
Net Change in Fund Balance	(10,960)	(3,964,923)	2,148,123	6,113,046
Fund Balance at Beginning of Year	3,953,963	3,953,963	3,953,963	0
Prior Year Encumbrances	10,960	10,960	10,960	0
Fund Balance at End of Year	<u>\$ 3,953,963</u>	<u>\$ 0</u>	<u>\$ 6,113,046</u>	<u>\$ 6,113,046</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

GOVERNMENTAL BUILDING SALE PROCEEDS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	9,714	1,800	1,800	0
Total Expenditures	9,714	1,800	1,800	0
Net Change in Fund Balance	(9,714)	(1,800)	(1,800)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	9,714	9,714	9,714	0
Fund Balance at End of Year	\$ 0	\$ 7,914	\$ 7,914	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

ISSUE II PROJECTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,230,000	\$ 2,793,441	\$ 1,149,967	\$ (1,643,474)
Total Revenues	1,230,000	2,793,441	1,149,967	(1,643,474)
Expenditures:				
Capital Outlay	1,693,440	2,780,613	1,550,612	1,230,001
Total Expenditures	1,693,440	2,780,613	1,550,612	1,230,001
Net Change in Fund Balance	(463,440)	12,828	(400,645)	(413,473)
Fund Balance at Beginning of Year	(463,440)	(463,440)	(463,440)	0
Prior Year Encumbrances	463,440	463,440	463,440	0
Fund Balance at End of Year	\$ (463,440)	\$ 12,828	\$ (400,645)	\$ (413,473)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023***

INFRASTRUCTURE PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 500,000	\$ 1,913,839	\$ 1,235,326	\$ (678,513)
All Other Revenue	0	0	63,795	63,795
Total Revenues	<u>500,000</u>	<u>1,913,839</u>	<u>1,299,121</u>	<u>(614,718)</u>
Expenditures:				
Capital Outlay	6,678,928	6,968,716	6,951,512	17,204
Debt Service:				
Principal Retirement	1,750,000	2,250,000	2,250,000	0
Interest and Fiscal Charges	78,125	103,520	98,787	4,733
Total Expenditures	<u>8,507,053</u>	<u>9,322,236</u>	<u>9,300,299</u>	<u>21,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,007,053)	(7,408,397)	(8,001,178)	(592,781)
Other Financing Sources (Uses):				
General Obligation Notes Issued	1,750,000	2,250,000	2,250,000	0
Premium on Debt Issuance	0	13,770	18,900	5,130
Transfers In	1,914,145	1,997,770	2,142,867	145,097
Total Other Financing Sources (Uses)	<u>3,664,145</u>	<u>4,261,540</u>	<u>4,411,767</u>	<u>150,227</u>
Net Change in Fund Balance	(4,342,908)	(3,146,857)	(3,589,411)	(442,554)
Fund Balance at Beginning of Year	870,023	870,023	870,023	0
Prior Year Encumbrances	2,592,928	2,592,928	2,592,928	0
Fund Balance at End of Year	<u>\$ (879,957)</u>	<u>\$ 316,094</u>	<u>\$ (126,460)</u>	<u>\$ (442,554)</u>

CITY OF HAMILTON, OHIO

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

BENNINGHOFEN TRUST FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 2,167	\$ 1,167
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,167</u>	<u>1,167</u>
Expenditures:				
General Government:				
Other Expenditures	1,000	2,300	1,892	408
Total Expenditures	<u>1,000</u>	<u>2,300</u>	<u>1,892</u>	<u>408</u>
Net Change in Fund Balance	0	(1,300)	275	1,575
Fund Balance at Beginning of Year	75,325	75,325	75,325	0
Fund Balance at End of Year	<u>\$ 75,325</u>	<u>\$ 74,025</u>	<u>\$ 75,600</u>	<u>\$ 1,575</u>

Internal Service Funds

Internal Service Funds are used to account for financing goods or services provided by one activity to other activities of the City on a cost-reimbursement basis.

Fleet Maintenance Fund

To account for revenues and expenses associated with the maintenance of the City's motor transport equipment.

Central Services Fund

To account for revenues and expenses associated with interdepartmental charges for the costs of certain goods or services.

CITY OF HAMILTON, OHIO

***Combining Statement of Net Position
Internal Service Funds
December 31, 2023***

	Fleet Maintenance	Central Services	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 8,885	\$ 56,983	\$ 65,868
Inventory of Supplies at Cost	35,719	0	35,719
Total Current Assets	<u>44,604</u>	<u>56,983</u>	<u>101,587</u>
Noncurrent Assets:			
Depreciable Capital Assets, Net	138,672	381,931	520,603
Total Assets	<u>183,276</u>	<u>438,914</u>	<u>622,190</u>
Deferred Outflows of Resources:			
Pension	632,268	2,628,843	3,261,111
OPEB	100,641	418,289	518,930
Total Deferred Outflows of Resources	<u>732,909</u>	<u>3,047,132</u>	<u>3,780,041</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	129,471	465,727	595,198
Accrued Wages and Benefits	30,789	149,834	180,623
Intergovernmental Payable	14,582	70,603	85,185
Compensated Absences Payable - Current	79,305	319,589	398,894
Interfund Payable	329,139	0	329,139
SBITA Payable - Current	0	133,901	133,901
Total Current Liabilities	<u>583,286</u>	<u>1,139,654</u>	<u>1,722,940</u>
Noncurrent Liabilities:			
SBITA Payable	0	271,478	271,478
Compensated Absences Payable	67,751	195,799	263,550
Net Pension Liability	1,549,132	6,438,563	7,987,695
Net OPEB Liability	33,970	141,183	175,153
Total Noncurrent Liabilities	<u>1,650,853</u>	<u>7,047,023</u>	<u>8,697,876</u>
Total Liabilities	<u>2,234,139</u>	<u>8,186,677</u>	<u>10,420,816</u>
Deferred Inflows of Resources:			
Pension	37,221	154,702	191,923
OPEB	11,203	46,562	57,765
Total Deferred Inflows of Resources	<u>48,424</u>	<u>201,264</u>	<u>249,688</u>
Net Position:			
Net Investment in Capital Assets	138,672	(23,448)	115,224
Unrestricted	(1,505,050)	(4,878,447)	(6,383,497)
Total Net Position	<u>\$ (1,366,378)</u>	<u>\$ (4,901,895)</u>	<u>\$ (6,268,273)</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2023**

	Fleet Maintenance	Central Services	Total
Operating Revenues:			
Charges for Services	\$ 3,395,436	\$ 9,383,049	\$ 12,778,485
Other Operating Revenues	51,838	0	51,838
Total Operating Revenues	<u>3,447,274</u>	<u>9,383,049</u>	<u>12,830,323</u>
Operating Expenses:			
Personal Services	1,443,561	5,529,506	6,973,067
Contractual Services	604,130	3,589,088	4,193,218
Materials and Supplies	1,492,757	612,937	2,105,694
Depreciation	17,996	123,748	141,744
Other Operating Expenses	32,197	230,586	262,783
Total Operating Expenses	<u>3,590,641</u>	<u>10,085,865</u>	<u>13,676,506</u>
Operating Loss	(143,367)	(702,816)	(846,183)
Nonoperating Revenues (Expenses):			
Investment Earnings	0	358	358
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>358</u>	<u>358</u>
Change in Net Position	(143,367)	(702,458)	(845,825)
Net Position Beginning of Year	(1,223,011)	(4,199,437)	(5,422,448)
Net Position End of Year	<u>\$ (1,366,378)</u>	<u>\$ (4,901,895)</u>	<u>\$ (6,268,273)</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2023***

	Fleet Maintenance	Central Services	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,447,274	\$9,383,049	\$12,830,323
Cash Payments for Goods and Services	(2,170,679)	(4,156,935)	(6,327,614)
Cash Payments for Employees	(1,339,254)	(5,184,687)	(6,523,941)
Net Cash Provided (Used) by Operating Activities	<u>(62,659)</u>	<u>41,427</u>	<u>(21,232)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Advances In from Other Funds	329,139	0	329,139
Advances Out to Other Funds	(293,848)	0	(293,848)
Net Cash Provided by Noncapital Financing Activities	<u>35,291</u>	<u>0</u>	<u>35,291</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
SBITA Principal Retirement	0	(100,300)	(100,300)
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>(100,300)</u>	<u>(100,300)</u>
<u>Cash Flows from Investing Activities:</u>			
Change in the Fair Value of Investments	0	358	358
Net Cash Provided by Investing Activities	<u>0</u>	<u>358</u>	<u>358</u>
Net Decrease in Cash and Cash Equivalents	(27,368)	(58,515)	(85,883)
Cash and Cash Equivalents at Beginning of Year	36,253	115,498	151,751
Cash and Cash Equivalents at End of Year	<u>\$8,885</u>	<u>\$56,983</u>	<u>\$65,868</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$143,367)	(\$702,816)	(\$846,183)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense	17,996	123,748	141,744
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Decrease in Inventory	6,681	0	6,681
Decrease in Net OPEB Asset	159,766	711,331	871,097
Increase in Deferred Outflows of Resources	(542,053)	(2,197,603)	(2,739,656)
Increase (Decrease) in Accounts Payable	(48,560)	276,227	227,667
Decrease in Accrued Wages and Benefits	(26,372)	(49,404)	(75,776)
Increase (Decrease) in Intergovernmental Payable	(7,026)	9,991	2,965
Increase in Compensated Absences	12,237	91,058	103,295
Increase in Net Pension Liability	1,115,734	4,508,936	5,624,670
Increase in Net OPEB Liability	33,970	141,183	175,153
Decrease in Deferred Inflows of Resources	(641,665)	(2,871,224)	(3,512,889)
Total Adjustments	<u>80,708</u>	<u>744,243</u>	<u>824,951</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$62,659)</u>	<u>\$41,427</u>	<u>(\$21,232)</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Custodial Funds

Rounding Up Utility Account Fund

To account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred.

Butler County Annexation Tax Fund

To account for income taxes obtained from a special annexation of property contiguous to Hamilton.

Joint Economic Development District (JEDD) Fund

To account for the receipt and disbursement of income tax revenue pursuant to The Joint Economic Development District Agreement with Indian Springs/ Fairfield Township.

Municipal Court Fund

To account for funds that flow through the Municipal Court office.

Police Property Room Fund

To account for the receipt of items remaining in the custody of the Police Department. The City will hold the items for a certain period of time at which they will be auctioned or disposed.

Property Assessed Clean Energy Fund

To account for special assessments collected and remitted to the Hamilton Community Authority. The assessments have been levied to fund energy improvements at the Champion Mill Spooky Nook Sports Complex site. The Hamilton Community Authority has issued debt to finance the energy improvements. The debt will be retired by the assessments collected from the project site owner.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2023**

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD	Municipal Court
Assets:				
Equity in Pooled Cash and Investments	\$ 2,230	\$ 46,087	\$ 34,854	\$ 141,619
Receivables:				
Special Assessments	0	0	0	0
Total Assets	<u>2,230</u>	<u>46,087</u>	<u>34,854</u>	<u>141,619</u>
Liabilities:				
Intergovernmental Payable	0	46,087	34,854	141,619
Due to Others	2,230	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Total Liabilities	<u>2,230</u>	<u>46,087</u>	<u>34,854</u>	<u>141,619</u>
Net Position:				
Restricted For:				
Individuals and Other Governments	0	0	0	0
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2023**

	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 356,691	\$ 0	\$ 581,481
Receivables:			
Special Assessments	0	30,637,102	30,637,102
Total Assets	356,691	30,637,102	31,218,583
Liabilities:			
Intergovernmental Payable	0	0	222,560
Due to Others	0	0	2,230
Due to Hamilton Community Authority	0	30,637,102	30,637,102
Total Liabilities	0	30,637,102	30,861,892
Net Position:			
Restricted For:			
Individuals and Other Governments	356,691	0	356,691
Total Net Position	\$ 356,691	\$ 0	\$ 356,691

CITY OF HAMILTON, OHIO

**Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2023**

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD	Municipal Court
Additions:				
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 0	\$ 2,013,432
Contributions Received for Others	9,373	0	0	0
Tax Collections for Other Governments	0	221,589	631,538	0
Receipt of Seized Property Held for Others	0	0	0	0
Total Additions	<u>9,373</u>	<u>221,589</u>	<u>631,538</u>	<u>2,013,432</u>
Deductions:				
Distribution of Fines and Forfeitures to Other Governments	0	0	0	2,013,432
Distribution of Contributions Received for Others	9,373	0	0	0
Distribution of Taxes to Other Governments	0	221,589	631,538	0
Distribution of Seized Property Held for Others	0	0	0	0
Total Deductions	<u>9,373</u>	<u>221,589</u>	<u>631,538</u>	<u>2,013,432</u>
Change in Net Position	0	0	0	0
Net Position at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2023***

	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 2,013,432
Contributions Received for Others	0	0	9,373
Tax Collections for Other Governments	0	2,458,375	3,311,502
Receipt of Seized Property Held for Others	123,849	0	123,849
Total Additions	<u>123,849</u>	<u>2,458,375</u>	<u>5,458,156</u>
Deductions:			
Distribution of Fines and Forfeitures to Other Governments	0	0	2,013,432
Distribution of Contributions Received for Others	0	0	9,373
Distribution of Taxes to Other Governments	0	2,458,375	3,311,502
Distribution of Seized Property Held for Others	50,275	0	50,275
Total Deductions	<u>50,275</u>	<u>2,458,375</u>	<u>5,384,582</u>
Change in Net Position	73,574	0	73,574
Net Position at Beginning of Year	<u>283,117</u>	<u>0</u>	<u>283,117</u>
Net Position End of Year	<u>\$ 356,691</u>	<u>\$ 0</u>	<u>\$ 356,691</u>



STATISTICAL SECTION





STATISTICAL TABLES

This part of the City’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents

Financial Trends	S 2 – S 21
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 22 – S 34
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax and property tax.	
Debt Capacity	S 35 – S 47
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 48 – S 51
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 52 – S 65
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*	*	
	2014	2015	2016
Governmental Activities:			
Net Investment in Capital Assets	\$68,592,556	\$66,544,600	\$74,591,613
Restricted	6,720,442	8,178,159	6,212,366
Unrestricted (Deficit)	(25,249,747)	(28,081,791)	(34,082,733)
Total Governmental Activities Net Position	<u>\$50,063,251</u>	<u>\$46,640,968</u>	<u>\$46,721,246</u>
Business-type Activities:			
Net Investment in Capital Assets	\$107,423,550	\$100,463,100	\$196,783,938
Restricted	21,622,744	18,235,929	18,131,101
Unrestricted	24,981,821	29,658,800	62,635,431
Total Business-type Activities Net Position	<u>\$154,028,115</u>	<u>\$148,357,829</u>	<u>\$277,550,470</u>
Primary Government:			
Net Investment in Capital Assets	\$176,016,106	\$167,007,700	\$271,375,551
Restricted	28,343,186	26,414,088	24,343,467
Unrestricted	(267,926)	1,577,009	28,552,698
Total Primary Government Net Position	<u>\$204,091,366</u>	<u>\$194,998,797</u>	<u>\$324,271,716</u>

* Restated

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*	*	
	2017	2018	2019
Governmental Activities:			
Net Investment in Capital Assets	\$82,073,889	\$69,635,711	\$73,715,986
Restricted	7,132,718	5,676,645	9,554,467
Unrestricted (Deficit)	(82,974,765)	(73,211,626)	(49,812,247)
Total Governmental Activities Net Position	<u>\$6,231,842</u>	<u>\$2,100,730</u>	<u>\$33,458,206</u>
Business-type Activities:			
Net Investment in Capital Assets	\$196,590,931	\$191,875,521	\$192,842,977
Restricted	15,582,840	15,306,399	11,971,595
Unrestricted	33,762,003	29,137,499	28,861,306
Total Business-type Activities Net Position	<u>\$245,935,774</u>	<u>\$236,319,419</u>	<u>\$233,675,878</u>
Primary Government:			
Net Investment in Capital Assets	\$278,664,820	\$261,511,232	\$266,558,963
Restricted	22,715,558	20,983,044	21,526,062
Unrestricted	(49,212,762)	(44,074,127)	(20,950,941)
Total Primary Government Net Position	<u>\$252,167,616</u>	<u>\$238,420,149</u>	<u>\$267,134,084</u>

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities:				
Net Investment in Capital Assets	\$85,377,651	\$98,174,900	\$107,664,999	\$107,106,582
Restricted	8,747,676	20,840,792	25,144,359	37,014,344
Unrestricted (Deficit)	(59,169,890)	(57,572,835)	(32,863,441)	(28,287,605)
Total Governmental Activities Net Position	<u>\$34,955,437</u>	<u>\$61,442,857</u>	<u>\$99,945,917</u>	<u>\$115,833,321</u>
Business-type Activities:				
Net Investment in Capital Assets	\$191,648,643	\$195,264,437	\$192,960,925	\$191,848,830
Restricted	11,147,393	11,063,967	11,089,133	11,144,901
Unrestricted	25,194,953	42,324,569	53,299,482	58,911,165
Total Business-type Activities Net Position	<u>\$227,990,989</u>	<u>\$248,652,973</u>	<u>\$257,349,540</u>	<u>\$261,904,896</u>
Primary Government:				
Net Investment in Capital Assets	\$277,026,294	\$293,439,337	\$300,625,924	\$298,955,412
Restricted	19,895,069	31,904,759	36,233,492	48,159,245
Unrestricted	(33,974,937)	(15,248,266)	20,436,041	30,623,560
Total Primary Government Net Position	<u>\$262,946,426</u>	<u>\$310,095,830</u>	<u>\$357,295,457</u>	<u>\$377,738,217</u>

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2014	2015	2016
Expenses			
Governmental Activities:			
General Government	\$5,495,659	\$11,972,665	\$13,748,213
Security of Persons and Property	27,645,337	29,109,984	29,364,275
Leisure Time Activities	2,828,054	2,788,945	2,655,781
Community Environment	4,341,261	3,213,932	2,156,324
Basic Utility Services	6,088,052	6,779,008	5,986,601
Transportation	5,878,181	5,496,120	5,398,871
Public Health and Welfare Services	1,206,052	1,542,573	1,392,658
Interest and Fiscal Charges	992,213	1,075,144	1,136,751
<i>Total Governmental Activities Expenses</i>	<u>54,474,809</u>	<u>61,978,371</u>	<u>61,839,474</u>
Business-type Activities:			
Gas Utility	31,175,555	22,071,290	20,059,695
Electric Utility	64,245,951	65,637,974	73,482,880
Water Utility	13,741,329	14,563,899	14,948,562
Wastewater Utility	11,602,824	12,065,377	13,232,904
<i>Total Business-type Activities Expenses</i>	<u>120,765,659</u>	<u>114,338,540</u>	<u>121,724,041</u>
<i>Total Primary Government Expenses</i>	<u>\$175,240,468</u>	<u>\$176,316,911</u>	<u>\$183,563,515</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,252,331	\$3,183,357	\$3,666,535
Security of Persons and Property	2,963,747	3,055,722	3,195,876
Leisure Time Activities	1,284,944	1,209,724	1,098,407
Community Environment	611,630	456,883	789,256
Basic Utility Services	5,933,181	5,839,079	6,031,405
Transportation	591,655	659,797	683,059
Public Health and Welfare Services	232,987	222,113	224,444
Operating Grants and Contributions	5,925,099	5,584,899	4,469,691
Capital Grants and Contributions	1,973,789	2,880,774	3,186,797
<i>Total Governmental Activities Program Revenues</i>	<u>22,769,363</u>	<u>23,092,348</u>	<u>23,345,470</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2017	2018	2019
Expenses			
Governmental Activities:			
General Government	\$10,793,974	\$7,716,575	\$8,781,340
Security of Persons and Property	32,248,544	35,283,600	4,871,606
Leisure Time Activities	2,872,495	2,880,127	3,182,781
Community Environment	2,638,446	2,409,400	2,644,798
Basic Utility Services	6,692,126	7,500,327	8,728,161
Transportation	5,418,564	8,072,742	8,140,992
Public Health and Welfare Services	1,876,111	1,525,836	1,418,978
Interest and Fiscal Charges	1,142,343	1,383,549	2,155,256
<i>Total Governmental Activities Expenses</i>	<u>63,682,603</u>	<u>66,772,156</u>	<u>39,923,912</u>
Business-type Activities:			
Gas Utility	20,169,139	22,634,644	21,001,035
Electric Utility	85,518,469	86,543,649	84,314,775
Water Utility	16,234,311	15,631,654	16,724,324
Wastewater Utility	13,359,997	15,037,103	13,779,455
<i>Total Business-type Activities Expenses</i>	<u>135,281,916</u>	<u>139,847,050</u>	<u>135,819,589</u>
<i>Total Primary Government Expenses</i>	<u>\$198,964,519</u>	<u>\$206,619,206</u>	<u>\$175,743,501</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$4,154,625	\$4,132,094	\$4,929,109
Security of Persons and Property	3,323,603	3,355,144	3,255,130
Leisure Time Activities	1,128,081	1,084,312	1,064,951
Community Environment	333,476	473,146	861,033
Basic Utility Services	6,451,263	6,551,126	7,098,064
Transportation	859,246	846,517	909,805
Public Health and Welfare Services	213,411	224,750	238,566
Operating Grants and Contributions	4,556,837	3,508,525	6,358,220
Capital Grants and Contributions	3,504,621	2,800,741	3,881,170
<i>Total Governmental Activities Program Revenues</i>	<u>24,525,163</u>	<u>22,976,355</u>	<u>28,596,048</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2020	2021	2022
Expenses			
Governmental Activities:			
General Government	\$7,266,275	\$6,246,010	\$18,470,115
Security of Persons and Property	35,594,939	33,588,698	36,180,916
Leisure Time Activities	2,232,464	2,012,859	2,063,074
Community Environment	9,914,098	1,818,527	3,792,757
Basic Utility Services	9,878,398	7,558,497	6,681,915
Transportation	5,554,662	6,621,360	6,256,765
Public Health and Welfare Services	2,348,847	712,773	846,360
Interest and Fiscal Charges	2,751,191	2,636,393	2,815,851
<i>Total Governmental Activities Expenses</i>	<u>75,540,874</u>	<u>61,195,117</u>	<u>77,107,753</u>
Business-type Activities:			
Gas Utility	19,067,720	17,796,790	20,191,885
Electric Utility	83,678,299	68,304,783	77,236,352
Water Utility	16,662,378	13,540,250	15,504,942
Wastewater Utility	13,361,201	10,274,234	11,865,791
<i>Total Business-type Activities Expenses</i>	<u>132,769,598</u>	<u>109,916,057</u>	<u>124,798,970</u>
<i>Total Primary Government Expenses</i>	<u>\$208,310,472</u>	<u>\$171,111,174</u>	<u>\$201,906,723</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$5,300,394	\$5,410,568	\$5,585,668
Security of Persons and Property	2,834,002	2,934,308	3,045,715
Leisure Time Activities	179,882	17,529	18,403
Community Environment	898,255	822,130	455,952
Basic Utility Services	7,540,591	8,121,292	8,129,162
Transportation	1,146,078	1,222,650	1,316,043
Public Health and Welfare Services	223,548	245,595	250,886
Operating Grants and Contributions	9,323,536	14,461,507	33,295,944
Capital Grants and Contributions	3,106,891	2,972,337	10,589,705
<i>Total Governmental Activities Program Revenues</i>	<u>30,553,177</u>	<u>36,207,916</u>	<u>62,687,478</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	<u>2023</u>
Expenses	
Governmental Activities:	
General Government	\$11,433,689
Security of Persons and Property	41,136,958
Leisure Time Activities	2,265,405
Community Environment	6,359,391
Basic Utility Services	6,850,578
Transportation	7,737,256
Public Health and Welfare Services	993,463
Interest and Fiscal Charges	4,132,743
<i>Total Governmental Activities Expenses</i>	<u>80,909,483</u>
Business-type Activities:	
Gas Utility	17,653,720
Electric Utility	85,873,247
Water Utility	18,014,796
Wastewater Utility	13,674,621
<i>Total Business-type Activities Expenses</i>	<u>135,216,384</u>
<i>Total Primary Government Expenses</i>	<u>\$216,125,867</u>

Program Revenues

Governmental Activities:	
Charges for Services	
General Government	\$5,691,252
Security of Persons and Property	3,405,743
Leisure Time Activities	19,130
Community Environment	895,299
Basic Utility Services	8,087,268
Transportation	1,294,265
Public Health and Welfare Services	309,406
Operating Grants and Contributions	10,585,425
Capital Grants and Contributions	4,247,487
<i>Total Governmental Activities Program Revenues</i>	<u>34,535,275</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2014	2015	2016
Business-type Activities:			
Charges for Services			
Gas Utility	29,369,479	21,979,425	19,086,678
Electric Utility	61,577,164	64,619,906	66,319,492
Water Utility	14,865,682	12,550,024	13,088,389
Wastewater Utility	12,037,408	11,821,865	12,385,219
Operating Grants and Contributions	0	0	743,247
Capital Grants and Contributions	713,516	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>118,563,249</u>	<u>110,971,220</u>	<u>111,623,025</u>
<i>Total Primary Government Program Revenues</i>	<u>141,332,612</u>	<u>134,063,568</u>	<u>134,968,495</u>
Net (Expense)/Revenue			
Governmental Activities	(31,705,446)	(38,886,023)	(38,494,004)
Business-type Activities	<u>(2,202,410)</u>	<u>(3,367,320)</u>	<u>(10,101,016)</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$33,907,856)</u></u>	<u><u>(\$42,253,343)</u></u>	<u><u>(\$48,595,020)</u></u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$23,354,264	\$24,852,412	\$25,970,527
Property and Other Local Taxes	8,709,596	8,959,287	8,627,124
Intergovernmental, Unrestricted	2,674,829	2,691,164	2,342,386
Investment Earnings	253,825	114,686	28,749
Miscellaneous	1,021,094	1,635,091	1,605,496
Transfers	0	(46,727)	0
<i>Total Governmental Activities</i>	<u>36,013,608</u>	<u>38,205,913</u>	<u>38,574,282</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	2,952
Investment Earnings	1,053,605	317,485	290,705
Transfers	0	46,727	0
Special Items	0	0	139,000,000
<i>Total Business-type Activities</i>	<u>1,053,605</u>	<u>364,212</u>	<u>139,293,657</u>
<i>Total Primary Government</i>	<u><u>\$37,067,213</u></u>	<u><u>\$38,570,125</u></u>	<u><u>\$177,867,939</u></u>
Change in Net Position			
Governmental Activities	\$4,308,162	(\$680,110)	\$80,278
Business-type Activities	<u>(1,148,805)</u>	<u>(3,003,108)</u>	<u>129,192,641</u>
<i>Total Primary Government Change in Net Position</i>	<u><u>\$3,159,357</u></u>	<u><u>(\$3,683,218)</u></u>	<u><u>\$129,272,919</u></u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2017	2018	2019
Business-type Activities:			
Charges for Services			
Gas Utility	18,482,683	21,756,412	21,076,426
Electric Utility	70,567,830	79,889,209	81,730,855
Water Utility	13,390,954	13,904,531	14,747,917
Wastewater Utility	12,368,579	12,653,041	13,454,526
Operating Grants and Contributions	743,577	744,842	742,114
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>115,553,623</u>	<u>128,948,035</u>	<u>131,751,838</u>
<i>Total Primary Government Program Revenues</i>	<u>140,078,786</u>	<u>151,924,390</u>	<u>131,751,838</u>
Net (Expense)/Revenue			
Governmental Activities	(39,157,440)	(43,795,801)	(11,327,864)
Business-type Activities	<u>(19,728,293)</u>	<u>(10,899,015)</u>	<u>(4,067,751)</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$58,885,733)</u></u>	<u><u>(\$54,694,816)</u></u>	<u><u>(\$15,395,615)</u></u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$25,664,959	\$26,716,305	\$28,838,412
Property and Other Local Taxes	8,581,044	8,999,351	8,998,489
Intergovernmental, Unrestricted	2,206,014	2,281,996	2,742,242
Investment Earnings	196,209	314,480	773,556
Miscellaneous	1,509,998	1,198,278	1,332,641
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>38,158,224</u>	<u>39,510,410</u>	<u>42,685,340</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	781,792	1,282,660	1,424,210
Transfers	0	0	0
Special Items	0	0	0
<i>Total Business-type Activities</i>	<u>781,792</u>	<u>1,282,660</u>	<u>1,424,210</u>
<i>Total Primary Government</i>	<u><u>\$38,940,016</u></u>	<u><u>\$40,793,070</u></u>	<u><u>\$44,109,550</u></u>
Change in Net Position			
Governmental Activities	(\$999,216)	(\$4,285,391)	\$31,357,476
Business-type Activities	<u>(18,946,501)</u>	<u>(9,616,355)</u>	<u>(2,643,541)</u>
<i>Total Primary Government Change in Net Position</i>	<u><u>(\$19,945,717)</u></u>	<u><u>(\$13,901,746)</u></u>	<u><u>\$28,713,935</u></u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2020	2021	2022
Business-type Activities:			
Charges for Services			
Gas Utility	17,849,755	18,111,405	19,230,682
Electric Utility	80,238,628	85,535,709	86,535,081
Water Utility	14,396,099	14,301,554	14,959,968
Wastewater Utility	13,109,026	12,971,767	13,002,156
Operating Grants and Contributions	85,733	0	0
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>125,679,241</u>	<u>130,920,435</u>	<u>133,727,887</u>
<i>Total Primary Government Program Revenues</i>	<u>125,679,241</u>	<u>130,920,435</u>	<u>133,727,887</u>
Net (Expense)/Revenue			
Governmental Activities	(44,987,697)	(24,987,201)	(14,420,275)
Business-type Activities	(7,090,357)	21,004,378	8,928,917
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$52,078,054)</u>	<u>(\$3,982,823)</u>	<u>(\$5,491,358)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$30,414,174	\$31,245,133	\$36,761,592
Property and Other Local Taxes	9,081,485	13,012,233	14,352,323
Intergovernmental, Unrestricted	2,543,229	3,066,316	3,240,413
Investment Earnings	723,360	(142,439)	(1,819,798)
Miscellaneous	3,722,680	4,293,378	1,383,805
Transfers	0	0	(995,000)
<i>Total Governmental Activities</i>	<u>46,484,928</u>	<u>51,474,621</u>	<u>52,923,335</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	1,405,468	(342,394)	(1,227,350)
Transfers	0	0	995,000
Special Items	0	0	0
<i>Total Business-type Activities</i>	<u>1,405,468</u>	<u>(342,394)</u>	<u>(232,350)</u>
<i>Total Primary Government</i>	<u>\$47,890,396</u>	<u>\$51,132,227</u>	<u>\$52,690,985</u>
Change in Net Position			
Governmental Activities	\$1,497,231	\$26,487,420	\$38,503,060
Business-type Activities	(5,684,889)	20,661,984	8,696,567
<i>Total Primary Government Change in Net Position</i>	<u>(\$4,187,658)</u>	<u>\$47,149,404</u>	<u>\$47,199,627</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2023
Business-type Activities:	
Charges for Services	
Gas Utility	16,183,246
Electric Utility	87,636,270
Water Utility	16,114,463
Wastewater Utility	13,514,647
Operating Grants and Contributions	0
Capital Grants and Contributions	0
<i>Total Business-type Activities Program Revenues</i>	133,448,626
<i>Total Primary Government Program Revenues</i>	133,448,626
Net (Expense)/Revenue	
Governmental Activities	(46,374,208)
Business-type Activities	(1,767,758)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$48,141,966)
General Revenues and Other Changes in Net Position	
Governmental Activities:	
Income Taxes	\$38,494,969
Property and Other Local Taxes	15,612,286
Intergovernmental, Unrestricted	2,951,724
Investment Earnings	4,586,929
Miscellaneous	2,872,089
Transfers	(2,256,385)
<i>Total Governmental Activities</i>	62,261,612
Business-type Activities:	
Other Local Taxes (kWh Tax)	0
Investment Earnings	4,066,729
Transfers	2,256,385
Special Items	0
<i>Total Business-type Activities</i>	6,323,114
<i>Total Primary Government</i>	\$68,584,726
Change in Net Position	
Governmental Activities	\$15,887,404
Business-type Activities	4,555,356
<i>Total Primary Government Change in Net Position</i>	\$20,442,760

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2014	2015	2016	2017
General Fund				
Nonspendable	\$257,910	\$273,120	\$270,135	\$241,555
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	3,513,033	2,027,119	1,598,710	2,141,318
Unassigned	7,986,708	11,602,256	7,267,975	5,504,248
Total General Fund	<u>11,757,651</u>	<u>13,902,495</u>	<u>9,136,820</u>	<u>7,887,121</u>
All Other Governmental Funds				
Nonspendable	\$173,681	\$169,184	\$176,403	\$167,074
Restricted	9,753,522	5,294,588	2,748,424	3,607,737
Committed	4,492,651	4,386,446	4,438,845	3,901,117
Assigned	3,386,345	843,659	103,101	5,255
Unassigned	(98,694)	(36,116)	(391,739)	(5,155,483)
Total All Other Governmental Funds	<u>17,707,505</u>	<u>10,657,761</u>	<u>7,075,034</u>	<u>2,525,700</u>
Total Governmental Funds	<u><u>\$29,465,156</u></u>	<u><u>\$24,560,256</u></u>	<u><u>\$16,211,854</u></u>	<u><u>\$10,412,821</u></u>

(continued)

Source: City Records

* Restated

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	*			
	2018	2019	2020	2021
General Fund				
Nonspendable	\$272,307	\$228,832	\$281,476	\$325,705
Restricted	0	0	0	7,000,000
Committed	0	0	0	0
Assigned	3,735,047	3,123,241	5,734,275	6,354,659
Unassigned	12,462,795	13,689,068	19,346,447	18,559,678
<i>Total General Fund</i>	<u>16,470,149</u>	<u>17,041,141</u>	<u>25,362,198</u>	<u>32,240,042</u>
All Other Governmental Funds				
Nonspendable	\$161,087	\$135,027	\$162,527	\$187,935
Restricted	2,621,820	6,157,749	38,307,485	37,574,978
Committed	3,893,237	3,382,530	2,507,621	1,976,869
Assigned	490,909	14,359,229	7,004,568	6,177,139
Unassigned	(2,900,490)	(650,864)	(1,063,149)	(1,325,806)
<i>Total All Other Governmental Funds</i>	<u>4,266,563</u>	<u>23,383,671</u>	<u>46,919,052</u>	<u>44,591,115</u>
<i>Total Governmental Funds</i>	<u>\$20,736,712</u>	<u>\$40,424,812</u>	<u>\$72,281,250</u>	<u>\$76,831,157</u>

(continued)

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2022</u>	<u>2023</u>
General Fund		
Nonspendable	\$388,893	\$4,943,018
Restricted	7,000,000	7,000,000
Committed	0	0
Assigned	6,292,751	5,273,482
Unassigned	18,521,286	17,909,919
<i>Total General Fund</i>	<u>32,202,930</u>	<u>35,126,419</u>
All Other Governmental Funds		
Nonspendable	\$146,114	\$169,579
Restricted	46,248,176	56,785,180
Committed	3,777,156	5,203,594
Assigned	15,462,246	9,689,740
Unassigned	(2,000,434)	(6,120,000)
<i>Total All Other Governmental Funds</i>	<u>63,633,258</u>	<u>65,728,093</u>
<i>Total Governmental Funds</i>	<u><u>\$95,836,188</u></u>	<u><u>\$100,854,512</u></u>

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2014	2015	2016	2017
Revenues:				
Taxes	\$31,793,857	\$33,637,684	\$34,425,266	\$34,475,333
Intergovernmental Revenues	10,403,668	10,354,357	10,075,259	10,152,144
Charges for Services	12,274,857	12,210,156	12,746,544	14,098,978
Licenses and Permits	1,036,845	1,018,831	1,086,953	1,110,347
Investment Earnings	253,825	114,686	28,749	196,209
Special Assessments	626,396	457,761	452,533	345,325
Fines and Forfeitures	947,713	944,175	1,063,974	923,483
All Other Revenue	1,021,094	1,635,091	1,880,496	1,509,998
Total Revenues	58,358,255	60,372,741	61,759,774	62,811,817
Expenditures:				
Current:				
General Government	4,599,445	5,203,607	10,186,194	7,066,643
Security of Persons and Property	26,527,614	26,548,711	27,434,430	28,794,336
Leisure Time Activities	2,406,632	2,427,067	2,318,248	2,536,998
Community Environment	4,195,166	3,004,125	2,162,524	2,406,167
Basic Utility Services	5,847,541	6,354,117	8,344,578	8,644,891
Transportation	3,761,881	3,161,989	4,109,609	3,226,018
Public Health and Welfare Services	1,144,033	1,455,638	1,398,872	1,679,277
Capital Outlay	8,688,731	14,304,429	11,282,845	12,560,558
Debt Service:				
Principal Retirement	2,405,000	2,559,963	3,208,002	12,215,116
Interest and Fiscal Charges	1,134,543	1,217,255	1,283,266	1,183,980
Total Expenditures	60,710,586	66,236,901	71,728,568	80,313,984
Excess (Deficiency) of Revenues Over Expenditures	(2,352,331)	(5,864,160)	(9,968,794)	(17,502,167)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2018	2019	2020	2021
Revenues:				
Taxes	\$35,923,106	\$37,764,569	\$39,426,581	\$44,175,481
Intergovernmental Revenues	8,965,068	12,579,271	14,877,943	20,352,433
Charges for Services	13,941,420	14,943,430	14,404,805	15,278,500
Licenses and Permits	1,307,990	1,572,057	2,123,975	1,898,991
Investment Earnings	314,480	773,556	723,360	(142,439)
Special Assessments	613,095	753,092	920,081	750,651
Fines and Forfeitures	942,788	964,239	687,791	766,354
All Other Revenue	1,198,278	1,059,463	3,995,858	4,293,378
Total Revenues	63,206,225	70,409,677	77,160,394	87,373,349
Expenditures:				
Current:				
General Government	5,257,017	6,224,429	6,246,754	9,714,308
Security of Persons and Property	29,505,532	31,629,829	30,985,000	33,422,400
Leisure Time Activities	2,461,376	2,730,146	1,810,018	1,768,933
Community Environment	2,283,037	2,339,378	1,729,218	2,336,432
Basic Utility Services	7,196,824	8,087,683	9,311,833	10,242,782
Transportation	3,365,740	3,196,931	3,066,211	4,814,747
Public Health and Welfare Services	1,406,363	1,200,403	2,203,987	1,033,670
Capital Outlay	10,094,186	10,610,750	17,843,220	16,433,795
Debt Service:				
Principal Retirement	2,604,211	11,966,907	5,991,407	3,077,208
Interest and Fiscal Charges	1,296,558	1,648,529	2,396,199	2,532,544
Total Expenditures	65,470,844	79,634,985	81,583,847	85,376,819
Excess (Deficiency) of Revenues Over Expenditures	(2,264,619)	(9,225,308)	(4,423,453)	1,996,530

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2022</u>	<u>2023</u>
Revenues:		
Taxes	\$50,658,918	\$53,886,749
Intergovernmental Revenues	47,202,569	17,025,982
Charges for Services	15,704,485	16,010,835
Licenses and Permits	1,963,308	1,917,952
Investment Earnings	(1,819,798)	4,586,929
Special Assessments	518,976	898,782
Fines and Forfeitures	661,527	877,550
All Other Revenue	1,383,805	1,607,894
Total Revenues	<u>116,273,790</u>	<u>96,812,673</u>
Expenditures:		
Current:		
General Government	13,811,730	8,139,021
Security of Persons and Property	36,268,529	33,800,374
Leisure Time Activities	1,790,142	1,808,845
Community Environment	5,066,502	6,166,040
Basic Utility Services	9,429,483	7,343,549
Transportation	7,258,075	5,117,998
Public Health and Welfare Services	1,061,662	922,515
Capital Outlay	16,802,385	23,358,668
Debt Service:		
Principal Retirement	3,042,357	2,132,043
Interest and Fiscal Charges	2,796,834	4,046,608
Total Expenditures	<u>97,327,699</u>	<u>92,835,661</u>
Excess (Deficiency) of Revenues Over Expenditures	18,946,091	3,977,012

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2014	2015	2016	2017
Other Financing Sources (Uses):				
Sale of Capital Assets	29,359	65,721	15,336	22,411
Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	0	1,592,766	0
Loan Issuance	0	700,000	0	1,427,128
Bonds and Notes Issued	0	0	0	1,196,214
Premium on Debt Issuance	0	0	0	0
Discount on Debt Issuance	0	0	0	0
Refunding Bonds Issued	0	0	0	23,141,416
Refunded Bonds Redeemed	0	0	0	(14,087,879)
Long Term Note Issuance	0	0	0	0
Transfers In	11,699,277	10,725,880	10,319,607	6,973,964
Transfers Out	(11,699,277)	(10,522,975)	(10,319,607)	(6,973,964)
Total Other Financing Sources (Uses)	<u>29,359</u>	<u>968,626</u>	<u>1,608,102</u>	<u>11,699,290</u>
Net Change in Fund Balance	<u>(\$2,322,972)</u>	<u>(\$4,895,534)</u>	<u>(\$8,360,692)</u>	<u>(\$5,802,877)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.59%	6.78%	7.50%	19.58%

(continued)

Source: City Records

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2018	2019	2020	2021
Other Financing Sources (Uses):				
Sale of Capital Assets	750,708	81,958	959,246	116,840
Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	0	803,232	1,419,405
Loan Issuance	266,705	24,952,286	0	0
Bonds and Notes Issued	11,470,000	0	33,030,000	1,000,000
Premium on Debt Issuance	242	0	356,083	0
Discount on Debt Issuance	(54,429)	0	0	0
Refunding Bonds Issued	0	0	31,650,000	0
Refunded Bonds Redeemed	0	0	(30,538,765)	0
Long Term Note Issuance	0	3,893,340	0	0
Transfers In	14,002,163	7,534,399	12,010,540	7,829,713
Transfers Out	(14,002,163)	(7,534,399)	(12,010,540)	(7,829,713)
Total Other Financing Sources (Uses)	<u>12,433,226</u>	<u>28,927,584</u>	<u>36,259,796</u>	<u>2,536,245</u>
Net Change in Fund Balance	<u>\$10,168,607</u>	<u>\$19,702,276</u>	<u>\$31,836,343</u>	<u>\$4,532,775</u>
 Debt Service as a Percentage of Noncapital Expenditures	 6.60%	 18.76%	 11.43%	 8.36%

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2022	2023
Other Financing Sources (Uses):		
Sale of Capital Assets	19,630	633,767
Lease Issuance	356,509	0
Ohio Water Development Authority Loans	564,711	384,986
Loan Issuance	150,561	0
Bonds and Notes Issued	0	0
Premium on Debt Issuance	0	0
Discount on Debt Issuance	0	0
Refunding Bonds Issued	0	0
Refunded Bonds Redeemed	0	0
Long Term Note Issuance	0	0
Transfers In	25,337,248	11,426,750
Transfers Out	(26,332,248)	(11,426,750)
Total Other Financing Sources (Uses)	<u>96,411</u>	<u>1,018,753</u>
Net Change in Fund Balance	<u>\$19,042,502</u>	<u>\$4,995,765</u>
 Debt Service as a Percentage of Noncapital Expenditures	 7.63%	 8.32%

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Real Property				
Assessed	\$753,521,500	\$747,624,230	\$744,751,530	\$789,655,500
Actual	2,152,918,571	2,136,069,229	2,127,861,514	2,256,158,571
Public Utility				
Assessed	4,763,000	4,937,810	5,062,790	5,309,340
Actual	4,763,000	4,937,810	5,062,790	5,309,340
Total				
Assessed	758,284,500	752,562,040	749,814,320	794,964,840
Actual	2,157,681,571	2,141,007,039	2,132,924,304	2,261,467,911
Assessed Value as a Percentage of Actual Value	35.14%	35.15%	35.15%	35.15%
Total Direct Tax Rate	\$6.81	\$6.81	\$6.81	\$6.81

Source: Butler County Auditor

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Real Property				
Assessed	\$788,116,750	\$799,255,590	\$928,920,100	\$931,870,700
Actual	2,251,762,143	2,283,587,400	2,654,057,429	2,662,487,714
Public Utility				
Assessed	5,738,750	5,848,920	6,520,190	10,228,090
Actual	5,738,750	5,848,920	6,520,190	10,228,090
Total				
Assessed	793,855,500	805,104,510	935,440,290	942,098,790
Actual	2,257,500,893	2,289,436,320	2,660,577,619	2,672,715,804
Assessed Value as a Percentage of Actual Value	35.17%	35.17%	35.16%	35.25%
Total Direct Tax Rate	\$6.81	\$6.81	\$10.71	\$10.71

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2022</u>	<u>2023</u>
Real Property		
Assessed	\$963,823,710	\$1,244,848,470
Actual	2,753,782,029	3,556,709,914
Public Utility		
Assessed	8,006,200	7,681,160
Actual	8,006,200	7,681,160
Total		
Assessed	971,829,910	1,252,529,630
Actual	2,761,788,229	3,564,391,074
Assessed Value as a Percentage of Actual Value	35.19%	35.14%
Total Direct Tax Rate	\$10.71	\$10.71

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Taxes Levied for the Calendar Year	\$5,349,390	\$5,091,799	\$5,060,320	\$5,046,008
Collected within the Calendar Year of the Levy				
Amount	5,043,851	4,837,997	4,845,600	4,847,791
Percent of Levy	94.29%	95.02%	95.76%	96.07%
Collections in Subsequent Years (1)	258,114	262,126	221,457	245,331
Total Collections to Date				
Amount	5,301,965	5,100,123	5,067,057	5,093,122
Percent of Levy	99.11%	100.16%	100.13%	100.93%

Source: County Auditor

(1) The County does not identify delinquent tax collections by tax year.

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Taxes Levied for the Calendar Year	\$5,268,044	\$5,263,202	\$5,337,176	\$9,187,665
Collected within the Calendar Year of the Levy				
Amount	5,048,100	5,087,861	5,111,567	8,784,460
Percent of Levy	95.82%	96.67%	95.77%	95.61%
Collections in Subsequent Years (1)	237,315	253,409	199,998	328,067
Total Collections to Date				
Amount	5,285,415	5,341,270	5,311,565	9,112,527
Percent of Levy	100.33%	101.48%	99.52%	99.18%

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2022</u>	<u>2023</u>
Taxes Levied for the Calendar Year	\$9,242,216	\$9,427,760
Collected within the Calendar Year of the Levy		
Amount	8,884,567	8,962,636
Percent of Levy	96.13%	95.07%
Collections in Subsequent Years (1)	327,999	598,704
Total Collections to Date		
Amount	9,212,566	9,561,340
Percent of Levy	99.68%	101.42%

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	0.00	0.00	0.00	0.00
Total Direct Rate	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>
Overlapping Rates					
Hamilton City School District	55.61	54.81	54.81	54.31	53.81
Butler County	9.72	9.72	9.72	9.72	9.72

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

(continued)

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	3.90	3.90	3.90	3.90
Total Direct Rate	<u>6.81</u>	<u>10.71</u>	<u>10.71</u>	<u>10.71</u>	<u>10.71</u>
Overlapping Rates					
Hamilton City School District	53.31	52.81	52.56	52.56	50.56
Butler County	9.72	9.22	7.30	9.72	9.28

CITY OF HAMILTON, OHIO

*Principal Property Tax Payers
Current Year and Nine Years Ago*

Tax Payer	Nature of Business	2023	
		Assessed Value	Percentage of Total Assessed Value
Colonial Senior Services	Healthcare	\$7,751,550	0.62%
Pedcor Investments	Investments	6,402,490	0.51%
Bethesda Hospital	Healthcare	5,868,160	0.47%
Shadow Creek Apartments	Real Estate	5,827,700	0.47%
Duke Energy	Utility	5,810,430	0.46%
AHP Knollwood Crossing	Real Estate	5,342,940	0.43%
Tippmann Realty	Real Estate	4,919,240	0.39%
Wish Village Apartments	Real Estate	4,345,740	0.35%
Saica Pack US	Manufacturing	4,268,530	0.34%
Clover Communities Hamilton	Real Estate	3,675,600	0.29%
	Sub-Total	54,212,380	4.33%
	All Others	1,198,317,250	95.67%
	Total	\$1,252,529,630	100.00%

Tax Payer	Nature of Business	2014	
		Assessed Value	Percentage of Total Assessed Value
Colonial Senior Services	Healthcare	\$5,145,910	0.68%
Shadow Creek Apartments	Real Estate	3,869,070	0.51%
AHP-Knollwood Crossing	Real Estate	3,770,670	0.50%
Duke Realty	Real Estate	3,654,420	0.48%
Tippmann Realty Partners	Real Estate	3,605,120	0.48%
Meijer Stores	Retail	3,272,510	0.43%
Pedcor Investments 2004	Investments	3,031,700	0.40%
Duke Energy	Utility	2,573,560	0.34%
SD Country Walk	Real Estate	2,502,860	0.33%
VCG-Hamilton Crossings	Real Estate	2,308,500	0.30%
	Sub-Total	33,734,320	4.45%
	All Others	724,550,180	95.55%
	Total	\$758,284,500	100.00%

Source: County Auditor

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund (1)	\$17,840,205	\$19,347,853	\$20,442,128	\$20,597,611
Public Safety / Health Income Tax Fund (2)	2,897,290	3,120,623	3,297,119	3,322,196
Hamilton Capital Improvement Fund (3)	2,317,831	2,496,498	2,637,695	2,657,757
Total	<u>\$23,055,326</u>	<u>\$24,964,974</u>	<u>\$26,376,942</u>	<u>\$26,577,564</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

Source: City Records

(1) - Equates to 1.55% of 2.00% total rate, or 77.50% of total

(2) - Equates to 0.25% of 2.00% total rate, or 12.50% of total

(3) - Equates to 0.20% of 2.00% total rate, or 10.00% of total

(4) - Effective Dates of Levy:

Note: Increases in the income tax rate requires voter approval.

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund (1)	\$21,195,154	\$22,770,473	\$23,087,295	\$24,527,610
Public Safety / Health Income Tax Fund (2)	3,416,956	3,672,615	3,726,698	3,956,064
Hamilton Capital Improvement Fund (3)	2,733,479	2,938,092	2,981,359	3,164,855
Total	<u>\$27,345,589</u>	<u>\$29,381,180</u>	<u>\$29,795,352</u>	<u>\$31,648,529</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2022</u>	<u>2023</u>
General Fund (1)	\$27,266,310	\$29,289,010
Public Safety / Health Income Tax Fund (2)	4,394,076	4,724,002
Hamilton Capital Improvement Fund (3)	3,521,829	3,779,203
Total	<u>\$35,182,215</u>	<u>\$37,792,215</u>
Income Tax Rate (4)	2.00	2.00

CITY OF HAMILTON, OHIO

*Principal Income Tax Payers
Current Year and Nine Years Ago*

Employer	Nature of Business	2023 Rank
Butler County Auditor	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
City of Hamilton	Government	4
ThyssenKrupp Bilstein of America Inc.	Manufacturing	5
Bethesda Hospital Inc.	Healthcare	6
Valeo Climate Control	Manufacturing	7
United Performance Metals LLC	Manufacturing	8
Miami University	Education	9
ODW LTS LLC	Logistics	10

Employer	Nature of Business	2014 Rank
Butler County	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
ThyssenKrupp Bilstein of America Inc.	Manufacturing	4
Miami University	Education	5
Valeo Climate Control	Manufacturing	6
Bethesda Hospital Inc.	Healthcare	7
GE Engine Services, Inc.	Manufacturing	8
Kroger LTD Partnership	Retail	9
CBS Personnel Services LLC	Personnel Services	10

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2014	2015	2016	2017
Governmental Activities (1)				
General Obligation Bonds	\$23,258,690	\$20,762,700	\$18,218,564	\$3,211,639
Special Obligation Non-Tax Revenue Bonds	0	0	0	0
Income Tax Revenue Bonds	0	0	0	22,789,549
Installment Loans	9,500,000	10,115,037	9,432,035	0
Special Assessment Bonds	920,000	770,000	625,000	470,000
OWDA Loans	0	0	1,592,766	3,019,894
Leases	0	0	0	0
Long Term Notes	0	0	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$22,574,819	\$28,817,338	\$28,116,322	\$21,738,885
OWDA Loans	366,201	339,322	334,401	1,243,921
OPWC Loans	0	0	3,869,759	4,967,531
General Obligation Bonds	0	0	0	0
Gas Bonds	5,895,337	4,467,672	4,221,385	5,770,000
Enterprise Notes	10,690,000	103,695,000	0	45,220,000
Installment Loans	0	0	0	0
Electric Revenue Bonds	137,642,002	30,924,820	30,111,546	16,269,523
Wastewater Bonds	54,084,065	51,824,871	49,533,503	21,484,866
Total Primary Government	\$264,931,114	\$251,716,760	\$146,055,281	\$146,185,808
Population (2)				
City of Hamilton	62,258	62,486	62,359	62,127
Outstanding Debt Per Capita	\$4,255	\$4,028	\$2,342	\$2,353
Income (3)				
Personal (in thousands) (a)	14,592,475	15,294,831	15,631,343	15,680,621
Percentage of Personal Income	1.82%	1.65%	0.93%	0.93%

Sources:

- (1) City Records
- (2) U.S. Bureau of Census, Population Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County, Total Personal Income is presented for the County.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2018	2019	2020	2021
Governmental Activities (1)				
General Obligation Bonds	\$14,057,373	\$13,402,229	\$15,472,141	\$14,760,281
Special Obligation Non-Tax Revenue Bonds	0	0	31,900,000	31,900,000
Income Tax Revenue Bonds	20,915,338	10,265,609	9,508,411	8,740,092
Installment Loans	0	24,335,000	23,870,000	23,390,000
Special Assessment Bonds	305,000	210,000	110,000	30,000
OWDA Loans	3,286,599	3,331,707	4,039,070	5,394,586
Leases	0	0	0	0
Long Term Notes	0	3,893,340	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$30,014,128	\$31,262,110	\$30,218,664	\$29,175,218
OWDA Loans	1,868,038	2,194,157	2,099,414	2,123,373
OPWC Loans	7,142,237	8,376,372	10,092,208	12,123,933
General Obligation Bonds	555,000	535,000	515,000	495,000
Gas Bonds	6,965,000	6,380,000	5,775,000	5,155,000
Enterprise Notes	0	0	0	0
Installment Loans	0	0	0	0
Electric Revenue Bonds	28,883,975	42,712,319	41,345,459	39,948,599
Wastewater Bonds	45,495,404	42,649,583	40,380,752	38,081,921
Total Primary Government	\$159,488,092	\$189,547,426	\$215,326,119	\$211,318,003
Population (2)				
City of Hamilton	62,092	62,174	62,182	63,399
Outstanding Debt Per Capita	\$2,569	\$3,049	\$3,463	\$3,333
Income (3)				
Personal (in thousands) (a)	16,197,532	16,229,556	18,217,377	18,371,762
Percentage of Personal Income	0.98%	1.17%	1.18%	1.15%

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2022	2023
Governmental Activities (1)		
General Obligation Bonds	\$14,203,421	\$13,561,561
Special Obligation Non-Tax Revenue Bonds	31,820,000	31,740,000
Income Tax Revenue Bonds	7,051,861	6,467,860
Installment Loans	22,990,631	22,456,396
Special Assessment Bonds	15,000	0
OWDA Loans	5,830,307	6,043,817
Leases	306,303	194,404
Long Term Notes	0	0
Business-type Activities (1)		
Water Revenue Bonds	\$28,101,772	\$27,003,326
OWDA Loans	2,016,234	2,247,498
OPWC Loans	12,604,386	12,153,566
General Obligation Bonds	470,000	445,000
Gas Bonds	4,520,000	3,865,000
Enterprise Notes	0	0
Installment Loans	252,889	127,976
Electric Revenue Bonds	38,506,739	36,994,879
Wastewater Bonds	35,723,911	33,545,948
Total Primary Government	<u>\$204,413,454</u>	<u>\$196,847,231</u>
Population (2)		
City of Hamilton	63,127	62,937
Outstanding Debt Per Capita	\$3,238	\$3,128
Income (3)		
Personal (in thousands) (a)	20,525,528	21,969,925
Percentage of Personal Income	1.00%	0.90%

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2013	2014	2015	2016
Population (1)	62,477	62,258	62,486	62,359
Actual Value (in thousands) (2)	\$2,307,126	\$2,157,682	\$2,141,007	\$2,132,924
General Bonded Debt (3)				
General Obligation Bonds	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Total General Bonded Debt	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Ratio of Net Bonded Debt to Estimated Actual Value	1.11%	1.08%	0.97%	0.85%
Net Bonded Debt per Capita	\$411.37	\$373.59	\$332.28	\$292.16

Source:

- (1) U.S. Bureau of Census of Population
- (2) Butler County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2017	2018	2019	2020
Population (1)	62,127	62,092	62,174	62,182
Actual Value (in thousands) (2)	\$2,261,468	\$2,257,501	\$2,289,436	\$2,660,578
General Bonded Debt (3)				
General Obligation Bonds	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Total General Bonded Debt	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Ratio of Net Bonded Debt to Estimated Actual Value	0.14%	0.65%	0.61%	0.60%
Net Bonded Debt per Capita	\$51.69	\$235.33	\$224.16	\$257.10

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2021	2022	2023
Population (1)	63,399	63,127	62,937
Actual Value (in thousands) (2)	\$2,672,716	\$2,761,788	\$3,564,391
General Bonded Debt (3)			
General Obligation Bonds	\$15,255,281	\$14,673,421	\$14,006,561
Total General Bonded Debt	\$15,255,281	\$14,673,421	\$14,006,561
Resources Available to Pay Principal	\$0	\$0	\$0
Net General Bonded Debt	\$15,255,281	\$14,673,421	\$14,006,561
Ratio of Net Bonded Debt to Estimated Actual Value	0.57%	0.53%	0.39%
Net Bonded Debt per Capita	\$240.62	\$232.44	\$222.55

CITY OF HAMILTON, OHIO

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2023*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Hamilton (1)	Amount Applicable to the City of Hamilton
Direct:			
City of Hamilton	\$80,464,038	100.00%	\$80,464,038
Overlapping:			
Butler County	18,486,960	9.51%	1,758,110
Hamilton City School District	39,750,000	96.64%	38,414,400
Talawanda City School District	19,150,000	2.84%	543,860
Ross Local School District	7,350,000	0.33%	24,255
		Subtotal	<u>40,740,625</u>
		Total	<u><u>\$121,204,663</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Ohio Auditor of State

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Debt				
Net Assessed Valuation	\$758,284,500	\$752,562,040	\$749,814,320	\$794,964,840
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	79,619,873	79,019,014	78,730,504	83,471,308
City Debt Outstanding (2)	21,739,256	19,720,000	17,340,000	3,185,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>21,739,256</u>	<u>19,720,000</u>	<u>17,340,000</u>	<u>3,185,000</u>
Overall Legal Debt Margin	<u><u>\$57,880,617</u></u>	<u><u>\$59,299,014</u></u>	<u><u>\$61,390,504</u></u>	<u><u>\$80,286,308</u></u>
Debt Margin as a Percentage of Debt Limit	72.70%	75.04%	77.98%	96.18%
Unvoted Debt				
Net Assessed Valuation	\$758,284,500	\$752,562,040	\$749,814,320	\$794,964,840
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	41,705,648	41,390,912	41,239,788	43,723,066
City Debt Outstanding (2)	21,739,256	19,720,000	17,340,000	3,185,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>21,739,256</u>	<u>19,720,000</u>	<u>17,340,000</u>	<u>3,185,000</u>
Overall Legal Debt Margin	<u><u>\$19,966,392</u></u>	<u><u>\$21,670,912</u></u>	<u><u>\$23,899,788</u></u>	<u><u>\$40,538,066</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only. Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Debt			
Net Assessed Valuation	\$793,855,500	\$805,104,510	\$935,440,290
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	83,354,828	84,535,974	98,221,230
City Debt Outstanding (2)	14,090,000	13,440,000	15,165,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>14,090,000</u>	<u>13,440,000</u>	<u>15,165,000</u>
Overall Legal Debt Margin	<u>\$69,264,828</u>	<u>\$71,095,974</u>	<u>\$83,056,230</u>
Debt Margin as a Percentage of Debt Limit	83.10%	84.10%	84.56%
Unvoted Debt			
Net Assessed Valuation	\$793,855,500	\$805,104,510	\$935,440,290
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	43,662,053	44,280,748	51,449,216
City Debt Outstanding (2)	14,090,000	13,440,000	15,165,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>14,090,000</u>	<u>13,440,000</u>	<u>15,165,000</u>
Overall Legal Debt Margin	<u>\$29,572,053</u>	<u>\$30,840,748</u>	<u>\$36,284,216</u>

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Debt			
Net Assessed Valuation	\$942,098,790	\$971,829,910	\$1,252,529,630
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	98,920,373	102,042,141	131,515,611
City Debt Outstanding (2)	14,480,000	45,400,000	44,785,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>14,480,000</u>	<u>45,400,000</u>	<u>44,785,000</u>
Overall Legal Debt Margin	<u><u>\$84,440,373</u></u>	<u><u>\$56,642,141</u></u>	<u><u>\$86,730,611</u></u>
Debt Margin as a Percentage of Debt Limit	85.36%	55.51%	65.95%
Unvoted Debt			
Net Assessed Valuation	\$942,098,790	\$971,829,910	\$1,252,529,630
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	51,815,433	53,450,645	68,889,130
City Debt Outstanding (2)	14,480,000	45,400,000	44,785,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>14,480,000</u>	<u>45,400,000</u>	<u>44,785,000</u>
Overall Legal Debt Margin	<u><u>\$37,335,433</u></u>	<u><u>\$8,050,645</u></u>	<u><u>\$24,104,130</u></u>

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2014	2015	2016	2017
Water System Revenue Bonds				
Gross Revenues (1)	\$14,965,626	\$12,602,429	\$13,130,285	\$13,483,093
Direct Operating Expenses (2)	9,477,829	9,364,217	10,137,417	11,317,676
Net Revenue Available for Debt Service	5,487,797	3,238,212	2,992,868	2,165,417
Annual Debt Service Requirement	2,314,717	2,316,840	2,064,721	2,064,373
Coverage (3)	2.37	1.40	1.45	1.05
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$12,375,483	\$11,950,092	\$12,470,466	\$12,541,901
Direct Operating Expenses (2)	6,582,215	6,816,788	7,155,147	8,054,016
Net Revenue Available for Debt Service	5,793,268	5,133,304	5,315,319	4,487,885
Annual Debt Service Requirement	4,852,095	4,844,370	4,846,320	3,991,788
Coverage (3)	1.19	1.06	1.10	1.12
Gas System Revenue Bonds				
Gross Revenues (1)	\$29,488,952	\$22,013,427	\$19,117,737	\$18,531,047
Direct Operating Expenses (2)	28,900,507	19,446,910	17,472,300	17,472,987
Net Revenue Available for Debt Service	588,445	2,566,517	1,645,437	1,058,060
Annual Debt Service Requirement	1,669,738	1,670,375	432,925	184,071
Coverage (3)	0.35	1.54	3.80	5.75
Electric System Revenue Bonds				
Gross Revenues (1)	\$62,073,277	\$64,722,757	\$66,451,995	\$71,035,797
Direct Operating Expenses (2)	48,620,592	46,586,253	62,051,190	75,464,636
Net Revenue Available for Debt Service	13,452,685	18,136,504	4,400,805	(4,428,839)
Annual Debt Service Requirement	15,373,471	15,301,211	2,470,584	2,482,759
Coverage (3)	0.88	1.19	1.78	(1.78)
Special Assessment Bonds				
Special Assessment Collections	\$484,900	\$417,716	\$342,130	\$345,325
Debt Service				
Principal	140,000	150,000	145,000	155,000
Interest	58,523	51,078	43,020	35,153
Coverage	2.44	2.08	1.82	1.82

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

(3) Coverage ratios based on GAAP basis figures. Under the terms of the revenue bond indentures, coverage ratios are calculated using Non-GAAP basis figures.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2018	2019	2020	2021
Water System Revenue Bonds				
Gross Revenues (1)	\$14,070,659	\$14,877,288	\$14,583,444	\$14,251,861
Direct Operating Expenses (2)	10,307,917	11,962,646	12,196,520	9,077,783
Net Revenue Available for Debt Service	3,762,742	2,914,642	2,386,924	5,174,078
Annual Debt Service Requirement	1,964,902	2,202,199	2,046,015	2,053,313
Coverage (3)	1.91	1.32	1.17	2.52
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$12,966,268	\$13,698,367	\$13,390,424	\$12,901,120
Direct Operating Expenses (2)	7,950,546	8,824,466	9,376,304	6,262,619
Net Revenue Available for Debt Service	5,015,722	4,873,901	4,014,120	6,638,501
Annual Debt Service Requirement	3,334,502	3,853,762	3,448,133	3,453,050
Coverage (3)	1.50	1.26	1.16	1.92
Gas System Revenue Bonds				
Gross Revenues (1)	\$21,879,539	\$21,304,490	\$17,982,935	\$18,088,032
Direct Operating Expenses (2)	20,149,213	18,711,023	16,729,845	15,450,558
Net Revenue Available for Debt Service	1,730,326	2,593,467	1,253,090	2,637,474
Annual Debt Service Requirement	653,671	773,133	773,414	773,981
Coverage (3)	2.65	3.35	1.62	3.41
Electric System Revenue Bonds				
Gross Revenues (1)	\$80,569,387	\$82,553,789	\$81,042,173	\$85,337,028
Direct Operating Expenses (2)	75,820,874	74,502,740	75,849,959	62,587,101
Net Revenue Available for Debt Service	4,748,513	8,051,049	5,192,214	22,749,927
Annual Debt Service Requirement	2,549,893	2,457,340	2,592,672	2,769,300
Coverage (3)	1.86	3.28	2.00	8.22
Special Assessment Bonds				
Special Assessment Collections	\$234,082	\$326,617	\$308,315	\$391,494
Debt Service				
Principal	165,000	95,000	100,000	80,000
Interest	22,975	17,750	12,175	6,300
Coverage	1.25	2.90	2.75	4.54

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2022	2023
Water System Revenue Bonds		
Gross Revenues (1)	\$14,839,991	\$16,420,165
Direct Operating Expenses (2)	10,852,376	13,598,483
Net Revenue Available for Debt Service	3,987,615	2,821,682
Annual Debt Service Requirement	2,052,688	2,044,688
Coverage (3)	1.94	1.38
Wastewater System Revenue Bonds		
Gross Revenues (1)	\$12,736,543	\$14,392,053
Direct Operating Expenses (2)	7,904,401	9,292,187
Net Revenue Available for Debt Service	4,832,142	5,099,866
Annual Debt Service Requirement	3,446,551	3,441,900
Coverage (3)	1.40	1.48
Gas System Revenue Bonds		
Gross Revenues (1)	\$19,168,945	\$16,445,997
Direct Operating Expenses (2)	17,828,255	15,247,669
Net Revenue Available for Debt Service	1,340,690	1,198,328
Annual Debt Service Requirement	774,135	778,954
Coverage (3)	1.73	1.54
Electric System Revenue Bonds		
Gross Revenues (1)	\$85,755,058	\$90,257,140
Direct Operating Expenses (2)	69,989,852	76,649,157
Net Revenue Available for Debt Service	15,765,206	13,607,983
Annual Debt Service Requirement	2,755,300	2,764,150
Coverage (3)	5.72	4.92
Special Assessment Bonds		
Special Assessment Collections	\$336,645	\$339,277
Debt Service		
Principal	15,000	15,000
Interest	1,575	788
Coverage	20.31	21.49

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2014	2015	2016	2017
Population (1)				
City of Hamilton	62,258	62,486	62,359	62,127
Butler County	371,272	374,158	372,538	380,604
Income (2) (a)				
Total Personal (in thousands)	14,592,475	15,294,831	15,631,343	15,680,621
Per Capita	39,304	40,878	41,534	42,620
Unemployment Rate (3)				
Federal	6.2%	5.3%	4.9%	4.4%
State	5.6%	4.6%	4.7%	5.0%
Butler County	4.9%	4.2%	4.1%	4.4%
Civilian Work Force Estimates (3)				
State	5,737,000	5,703,400	5,673,900	5,849,603
Butler County	191,100	186,900	187,900	190,208

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County. Total Personal Income is presented for the County. US Department of Commerce, Bureau of Economic Analysis information is only available through 2022, for the presentation of 2022 and 2023 statistics, the City is using the latest information available.
- (3) State Department of Labor Statistics

(continued)

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2018	2019	2020	2021
Population (1)				
City of Hamilton	62,092	62,174	62,182	63,399
Butler County	382,378	383,134	384,268	390,357
Income (2) (a)				
Total Personal (in thousands)	16,197,532	16,229,556	18,217,377	18,371,762
Per Capita	42,360	42,360	47,408	47,064
Unemployment Rate (3)				
Federal	3.8%	3.5%	6.0%	3.8%
State	4.5%	4.1%	5.6%	4.3%
Butler County	3.7%	3.3%	4.9%	4.7%
Civilian Work Force Estimates (3)				
State	5,416,810	5,574,900	5,706,400	5,743,600
Butler County	153,227	188,200	192,400	141,966

(continued)

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2022	2023
Population (1)		
City of Hamilton	63,127	62,937
Butler County	390,234	393,043
Income (2) (a)		
Total Personal (in thousands)	20,525,528	21,969,925
Per Capita	52,598	55,897
Unemployment Rate (3)		
Federal	3.5%	3.7%
State	4.1%	3.6%
Butler County	3.1%	3.6%
Civilian Work Force Estimates (3)		
State	5,738,700	5,652,300
Butler County	199,200	199,100

CITY OF HAMILTON, OHIO

*Principal Employers
Current Year and Nine Years Ago*

		2023	
Employer	Nature of Business	Number of Employees	Rank
Butler County	Government	1,861	1
Hamilton City School District	Education	1,312	2
Kettering Health (Hamilton)	Health Care	921	3
ThyssenKrupp Bilstein of America (HQ)	Manufacturing	653	4
Community First Solutions (HQ)	Health Care	650	5
City of Hamilton	Government	624	6
Bethesda Butler Hospital (TriHealth)	Health Care	500	7
Miami University - Hamilton	Education	400	8
Vinylmax	Manufacturing	300	9
Valeo Climate Control	Manufacturing	250	10
Total		<u>7,471</u>	
Total Employment within the City (1)		<u>N/A</u>	

		2014	
Employer	Nature of Business	Number of Employees	Rank
Butler County	Government	1,750	1
Hamilton City School District	Education	1,095	2
Fort Hamilton Hospital	Health Care	1,020	3
Community First Solutions	Health Care	650	4
City of Hamilton	Government	640	5
Miami University - Hamilton	Education	435	6
ThyssenKrupp Bilstein of America	Manufacturing	390	7
Meijer	Retail	325	8
The Kroger Company	Retail	250	9
Bethesda Butler Hospital	Health Care	245	10
Total		<u>6,800</u>	
Total Employment within the City (1)		<u>N/A</u>	

(1) - Total employment within the City is not available.

Source: City Records

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities					
General Government					
City Administration	23.75	16.50	19.00	19.00	19.50
Engineering	7.00	4.00	5.00	5.00	5.00
Municipal Court	27.50	27.00	27.50	28.50	28.00
Information Technology	6.00	5.00	14.00	14.00	14.25
Finance	33.25	29.00	28.50	24.75	22.25
Security of Persons and Property					
Police	118.00	121.25	124.00	136.00	133.00
Fire	97.00	96.25	98.50	107.00	105.00
Public Health and Welfare Services					
Health	13.25	15.50	15.75	14.75	13.00
Leisure Time Activities					
Parks and Recreation	17.75	15.00	14.50	14.50	13.00
Community Environment					
Planning and Zoning	15.00	16.50	16.75	13.75	13.50
Transportation					
Street	60.00	56.25	57.25	53.00	56.00
Business-Type Activities					
Utilities					
Gas	28.00	26.00	27.00	22.75	26.50
Electric	111.50	96.75	103.00	99.00	102.50
Water	25.00	30.25	31.75	36.00	35.00
Wastewater	14.00	26.00	25.75	25.50	24.00
Utility Customer Service	17.00	19.00	18.00	16.00	17.00
<i>Total Employees</i>	<u>614.00</u>	<u>600.25</u>	<u>626.25</u>	<u>629.50</u>	<u>627.50</u>

Method: 1.00 for each full-time, 0.50 for each part-time and
0.25 for each seasonal employee

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

Full Time Equivalent Employees by Function Last Ten Years

	2019	2020	2021	2022	2023
Governmental Activities					
General Government					
City Administration	23.00	23.54	24.54	26.54	25.54
Engineering	5.00	5.00	5.00	5.00	5.00
Municipal Court	29.50	31.00	30.00	29.50	30.50
Information Technology	12.25	10.25	9.25	10.25	11.25
Finance	18.00	15.25	15.25	14.25	14.25
Security of Persons and Property					
Police	136.00	133.33	132.33	134.83	133.83
Fire	105.00	102.83	103.33	107.33	100.33
Public Health and Welfare Services					
Health	12.00	10.30	8.05	6.25	6.20
Leisure Time Activities					
Parks and Recreation	11.75	14.40	14.90	19.50	24.60
Community Environment					
Planning and Zoning	8.50	7.90	8.40	9.40	11.40
Transportation					
Street	66.75	57.20	54.70	59.30	58.55
Business-Type Activities					
Utilities					
Gas	27.50	27.00	26.05	27.75	26.45
Electric	100.25	96.40	91.15	93.85	94.35
Water	38.50	38.98	37.73	39.53	38.93
Wastewater	31.00	29.12	27.82	32.22	30.82
Utility Customer Service	16.00	15.00	17.00	18.00	19.00
<i>Total Employees</i>	<u>641.00</u>	<u>617.50</u>	<u>605.50</u>	<u>633.50</u>	<u>631.00</u>

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2014	2015	2016	2017
Governmental Activities				
General Government				
Licenses and Permits				
Building Permits Issued - Residential	354	318	400	349
Building Permits Issued - Commercial	282	325	368	411
Security of Persons and Property				
Police				
Misdemeanor Arrests	6,237	6,025	5,488	6,462
Felony Arrests	773	637	754	892
Traffic Citations Issued	4,253	4,698	5,058	4,934
Parking Tickets Written	2,437	2,107	2,195	900
Fire / Emergency Medical Services				
Number of Calls Answered	12,157	12,724	12,967	14,482
Number of Inspections	520	980	96	478
Number of Emergency Medical Calls	9,700	10,208	10,337	13,002
Transportation				
Street				
Street Resurfacing (Center Line miles)	1.82	3.56	1.12	3.54
Parking				
Parking Levels	5.00	5.00	5.00	5.00
Parking Spaces	550	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A	N/A
Parking / Meters - On Street and Lots	656	524	524	445
Public Works				
Refuse Collection				
Refuse Collected (tons)	23,232	23,190	23,282	23,907
Recyclables Collected (tons)	2,697	2,644	2,660	2,645
Leisure Time Activities				
Parks and Recreation				
Athletic Field Permits Issued*	132	N/A	N/A	N/A
Public Health and Welfare Services				
Health Care				
Number of Patient Beds	209	296	320	358

*Beginning in 2015, athletic field permits are issued by the Hamilton Parks Conservancy.

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2018	2019	2020
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	385	479	528
Building Permits Issued - Commercial	346	162	233
Security of Persons and Property			
Police			
Misdemeanor Arrests	6,546	6,613	5,992
Felony Arrests	791	777	982
Traffic Citations Issued	4,952	4,838	3,450
Parking Tickets Written	1,161	4,310	2,633
Fire / Emergency Medical Services			
Number of Calls Answered	14,254	14,412	13,744
Number of Inspections	565	1,220	497
Number of Emergency Medical Calls	12,161	12,693	11,825
Transportation			
Street			
Street Resurfacing (Center Line miles)	2.83	4.32	4.61
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A
Parking / Meters - On Street and Lots	538	538	400
Public Works			
Refuse Collection			
Refuse Collected (tons)	24,278	24,822	27,221
Recyclables Collected (tons)	2,536	2,296	2,587
Leisure Time Activities			
Parks and Recreation			
Athletic Field Permits Issued*	N/A	N/A	N/A
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	257	241	268

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2021	2022	2023
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	528	515	644
Building Permits Issued - Commercial	302	300	300
Security of Persons and Property			
Police			
Misdemeanor Arrests	3,692	3,177	3,627
Felony Arrests	591	557	691
Traffic Citations Issued	3,433	3,715	5,837
Parking Tickets Written	3,798	4,042	5,206
Fire / Emergency Medical Services			
Number of Calls Answered	14,468	14,400	13,795
Number of Inspections	686	850	1,234
Number of Emergency Medical Calls	11,260	12,000	10,501
Transportation			
Street			
Street Resurfacing (Center Line miles)	2.19	6.30	0.98
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	881
Average Daily Cars Parked	N/A	N/A	N/A
Parking / Meters - On Street and Lots	486	444	680
Public Works			
Refuse Collection			
Refuse Collected (tons)	27,706	26,499	26,458
Recyclables Collected (tons)	2,520	2,340	2,328
Leisure Time Activities			
Parks and Recreation			
Athletic Field Permits Issued*	N/A	N/A	N/A
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	182	190	182

(continued)

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2014	2015	2016	2017
Business-Type Activities				
Gas				
Average Daily Consumption (100 cubic feet)	10,243	6,794	6,505	6,861
Peak Daily Consumption (100 cubic feet)	33,759	32,152	25,089	26,769
Electric				
Peak Demand (MW)	133	143	145	135
Energy Requirement (MWh)	613,779	614,023	604,727	585,366
Total System Sales (MWh)	594,699	561,624	571,211	552,949
Total Residential Customers	26,127	26,347	26,379	26,783
Total Commercial Customers	2,915	2,908	2,895	2,886
Water				
New Service Connections	23	23	30	84
Water Main Breaks	83	83	72	42
Average Daily Consumption (thousands of gallons)	14,490	14,490	15,222	14,766
Peak Daily Consumption (thousands of gallons)	18,204	18,204	22,215	19,491
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	8.9	8.9	8.5	9.0

Source: City Records

N/A = Information Not Available

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2018	2019	2020
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	7,549	7,349	6,709
Peak Daily Consumption (100 cubic feet)	28,170	32,496	23,495
Electric			
Peak Demand (MW)	132	124	132
Energy Requirement (MWh)	610,054	599,026	573,848
Total System Sales (MWh)	583,686	565,567	547,178
Total Residential Customers	26,400	26,528	26,583
Total Commercial Customers	2,887	2,908	2,908
Water			
New Service Connections	76	124	83
Water Main Breaks	73	43	38
Average Daily Consumption (thousands of gallons)	11,792	16,452	15,560
Peak Daily Consumption (thousands of gallons)	22,331	21,386	24,823
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	10.8	10.4	9.2

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	7,221	7,393	6,318
Peak Daily Consumption (100 cubic feet)	23,770	32,139	21,501
Electric			
Peak Demand (MW)	136	135	134
Energy Requirement (MWh)	594,261	629,796	656,192
Total System Sales (MWh)	562,007	590,473	614,860
Total Residential Customers	26,654	26,707	26,823
Total Commercial Customers	2,928	2,894	2,912
Water			
New Service Connections	77	90	88
Water Main Breaks	76	68	55
Average Daily Consumption (thousands of gallons)	15,034	15,548	15,562
Peak Daily Consumption (thousands of gallons)	19,477	19,803	23,538
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	7.7	9.7	8.5

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2014	2015	2016	2017
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	40	40	49	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	7,029	9,043	9,043	9,050
Traffic Signals	95	95	95	92
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	54	54	36	44
Park Area (acres)	1,308	1,308	1,308	1,315
Playgrounds	24	24	24	23
Ball Fields				
Lighted	9	9	10	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	2	2	1	1
Unlighted	6	6	3	5
Swimming Pools	1	1	1	1
Splash Pads	3	3	5	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2018	2019	2020	2021
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	60	60	60	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	9,051	9,051	9,051	9,603
Traffic Signals	94	94	97	97
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	47	47	46	46
Park Area (acres)	1,261	1,261	1,261	1,261
Playgrounds	26	26	26	26
Ball Fields				
Lighted	9	9	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	1	1	1	1
Unlighted	5	5	6	6
Swimming Pools	1	1	1	1
Splash Pads	8	8	8	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2022	2023
Governmental Activities		
General Government		
Public Land and Buildings		
Land (Square Miles)	21.68	21.68
Security of Persons and Property		
Police		
Stations	1	1
Patrol Cruisers	60	60
Fire / Emergency Medical Services		
Stations	5	5
Transportation		
Street		
Streets (lane miles)	254.21	257.00
Street Lights	9,413	9,431
Traffic Signals	100	100
Parking		
Off street Parking Garages	1	1
Leisure Time Activities		
Parks and Recreation		
Parks	46	47
Park Area (acres)	1,261	1,262
Playgrounds	26	27
Ball Fields		
Lighted	9	9
Unlighted	34	34
Tennis Courts		
Lighted	1	1
Unlighted	6	6
Swimming Pools	1	1
Splash Pads	8	8
Golf Courses	2	2
Skateboard Park	1	1
Community Environment		
Libraries	1	1
Public Health and Welfare		
Hospitals	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2014	2015	2016	2017
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2018	2019	2020	2021
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	<u>2022</u>	<u>2023</u>
Business-Type Activities		
Utilities		
Water		
Purification Plants	2	1
Maximum Capacity (millions of gallons)	46	40
Waterlines (Miles)	340.1	350.0
Wastewater		
Treatment Plants	1	2
Maximum Capacity (millions of gallons)	32	32
Sanitary Sewerlines (Miles)	253.0	253.0
Storm Drains (Miles)	188.2	188.2





**CITY OF HAMILTON - GAS SYSTEM
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022

**CITY OF HAMILTON – GAS SYSTEM
BUTLER COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Hamilton - Gas System, an enterprise fund of the City of Hamilton, Butler County, Ohio (the Gas System), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Gas System'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 financial position of the City of Hamilton – Gas System, Butler County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Gas System, 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 opinion.

Emphasis of Matter - Presentation

As described in Note 1, the financial statements present only the Gas System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Gas System as of and for the year ended December 31, 2022 from which the comparative information for December 31, 2022 was derived were audited by a predecessor auditor. An unmodified opinion was issued June 21, 2023 by the predecessor auditor.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gas System'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 opinion. 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 Gas System'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 Gas System'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.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

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City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Gas System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2023 and 2022. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2023 and 2022 are as follows:

- ❑ The assets and deferred outflow of resources of the Hamilton Gas System exceeded its liabilities and deferred inflows of resources at the close of 2023 and 2022 by \$29,668,314 and \$30,876,037 (net position), respectively. Of these amounts, \$1,594,808 and \$1,749,180 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position decreased by \$1,207,723 between 2023 and 2022, representing 3.8% decrease.
- ❑ In 2023, the Gas System's total long-term debt decreased during 2023 by \$655,000 to \$3,865,000 due to making annual debt service payments.

Gas System Summary

The City has owned and operated a natural gas utility system since 1890. It is currently the largest municipal gas distribution operation in Ohio and serves approximately 23,700 customers located in the City and the immediate environs through approximately 282 miles of pipe. The City purchases natural gas from a supplier, then resells the gas to residential and general service (commercial and industrial) customers. The City also provides distribution delivery service to customers who have contracted with either the City or a natural gas supplier.

The Gas System provides full service (acquisition of gas supply, transportation of the gas supply to the City's interconnections and distribution of gas supply from the City's interconnections to the customer meter) and distribution delivery service (distribution delivery of the gas arranged for by, or on behalf of, the customer from the City's interconnections to the customer's meter.) Currently, the Gas System provides full service to residential and general service customers.

There are no franchise service territories for natural gas utilities in Ohio and the City is not prohibited from providing gas service in areas outside its corporate limits. Under the Ohio Constitution, however, the City's gas utility sales outside the corporate limits may not exceed 50% of the total service supplied within the City's corporate limits. Currently, less than 1% of the City's total gas sales are to customers located outside the City's corporate limits.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The City was a participant, with other AMP communities in the AMP Fremont Energy Center (AFEC) in 2022. The City was entitled to 11.55 MW of capacity from AFEC. Additionally, the City began utilizing its buying power through the Muni-Gas Program, in 2013, to serve as a gas supply intermediary for the City's allocation of gas at AFEC. The City passed along 50% of the savings from the Muni-Gas Discount to AFEC and retained the other 50% for Hamilton Gas System. In 2022, the Gas System sold 492,875 Dths to AFEC, via The Energy Authority, totaling \$2.4 million, or approximately \$4.92/Dth. These sales to AFEC netted approximately \$73,900 for the Gas System. As of February 1, 2023, the City is no longer a participant in the AFEC project.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Gas System for the years ended December 31, 2023 and 2022.

Reporting Hamilton's Gas System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Gas System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Gas System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2023 and 2022. The City of Hamilton's Gas System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Gas Fund are restricted to Gas System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Gas Fund and asks the question, "How did we do financially during 2023 and 2022?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in the net positions. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Gas System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Gas System charges fees to recoup the cost of the entire operation of the Gas System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Gas Fund, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$29,668,314 and \$30,876,037 as of December 31, 2023 and 2022, respectively. By far the largest portion of the net position of the Gas System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The ratios of net investment in capital assets to total net position are as follows: 88% for 2023, 88% for 2022, and 89% for 2021. The System employs these assets in the delivery of natural gas to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and the resources needed to repay these debts must be provided from other sources, primarily the revenues of the System, since the capital assets themselves cannot be used to liquidate the liabilities.

Table 1 provides a summary of the Gas System's Statement of Net Position for the Years Ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Current and other assets	\$ 7,937,242	\$ 9,238,475	\$10,062,368
Capital assets	29,823,071	31,503,079	32,320,617
Total assets	<u>37,760,313</u>	<u>40,741,554</u>	<u>42,382,985</u>
Deferred outflows of resources	1,744,359	682,333	587,644
Long-term liabilities:			
Net pension liability	3,403,015	1,144,212	1,805,251
OPEB liabilities	225,578	250,551	336,373
Other long-term amounts	3,327,348	3,985,226	4,640,988
Other liabilities	2,651,025	3,284,870	2,980,154
Total liabilities	<u>9,606,966</u>	<u>8,664,859</u>	<u>9,762,766</u>
Deferred inflows of resources	229,392	1,882,991	1,458,886
Net investment in capital assets	26,073,506	27,126,857	28,150,721
Restricted	2,000,000	2,000,000	2,000,000
Unrestricted	1,594,808	1,749,180	1,598,256
Total net position	<u>\$ 29,668,314</u>	<u>\$ 30,876,037</u>	<u>\$ 31,748,977</u>

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
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The net pension liability (NPL) is reported by the Gas System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Gas System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Gas System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Gas System's financial statements as a result of the Gas System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Gas System's financial statements reflects OPEB benefits provided by the Gas System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

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 liability/(asset) to equal the Gas System'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 Gas System 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.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

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

As of December 31, 2023 and 2022, the Gas System was able to report a positive balances in net position of \$29,668,314 and \$30,876,037, respectively. In 2023 and 2022, the Gas System reported a decrease in net position of \$1,207,723 and \$872,940, respectively, and an increase of \$291,242 in 2021. In 2023 and 2022, the Gas System reported operating losses of \$1,315,499 and \$775,055, and operating income of \$496,228 in 2021. Net operating loss of \$775,055 increased \$540,444 from 2022 to 2023. The increase in net operating loss was primarily a result of a mild winter resulting in decreases charges to customers and a corresponding decrease in costs for purchased gas.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 16,183,246	\$ 19,230,682	\$18,111,405
Operating expenses:			
Purchased gas	6,377,126	9,985,353	9,024,664
Depreciation	2,251,076	2,177,482	2,164,619
Other operating expenses	8,870,543	7,842,902	6,425,894
Total operating expenses	<u>17,498,745</u>	<u>20,005,737</u>	<u>17,615,177</u>
Operating income (loss)	(1,315,499)	(775,055)	496,228
Non-Operating revenues (expenses)			
Interest and fiscal charges	(150,311)	(165,605)	(180,524)
Loss on disposal of capital assets	(4,664)	(20,543)	(1,089)
Other non-operating expenses	262,751	(61,737)	(23,373)
Total non-operating revenues (expenses)	<u>107,776</u>	<u>(247,885)</u>	<u>(204,986)</u>
Transfers	<u>-</u>	<u>150,000</u>	<u>-</u>
Change in net position	(1,207,723)	(872,940)	291,242
Beginning net position	30,876,037	31,748,977	31,457,735
Ending net position	<u>\$ 29,668,314</u>	<u>\$ 30,876,037</u>	<u>\$ 31,748,977</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Gas System as of December 31, 2023, 2022, and 2021 amounted to \$26.0 million, \$27.1 million, and \$28.2 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment. Significant capital activity during the year included gas main and meter replacements.

Note 5 (Capital Assets) provides Gas System capital asset activity during 2023 and 2022.

Debt Administration: At the end of 2023, the Gas System had two outstanding long-term revenue bond issues. The 2017 Gas System Revenue Refunding and Improvement Bonds, which had an outstanding balance of \$2,460,000 as of December 31, 2023, was issued to refund the Series 2009 Revenue bonds and provided \$1,960,000 in new financing for Gas System improvements. The 2018 Gas System Revenue Improvement Bonds of \$1,405,000 were issued in August 2018 to provide funding for the Lindenwald gas main replacement project.

See Note 6 for a discussion of outstanding Gas System bonds and related activity.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Economic Factors and Future Trends

The City's Gas System is continually monitoring the cost of natural gas. Due to high volatility in the cost of natural gas, the City is required by both ordinance and indentures to pass through these gas costs to its customers via the gas cost recovery charge (GCR). The GCR averaged a credit of \$0.04279/Ccf for 2023. In 2017, the City entered a five-year fixed price contract for natural gas to help mitigate the natural gas prices for its customers; this was extended an additional two years in 2020. The overall number of customers has remained relatively steady while, like most gas systems, the usage per residential customer has continued to slowly decline as a result of improved efficiency of appliances.

In September 2011, City Council adopted an ordinance, creating the Natural Gas Residential Service Line Maintenance (RSLM) Program and Rider C for the Gas System. The RSLM and Rider C charges apply only to the City's residential gas accounts. The RSLM and funds collected through Rider C are earmarked for two separate and distinct activities: the replacement of Design A (field-assembled risers), in compliance with a Public Utilities Commission of Ohio (PUCO) Statewide order, and the assumption of the maintenance responsibility of gas service lines to residential customers by the City. The riser replacement portion of the RSLM was scheduled to be a five-year program, with a corresponding five-year collection period through Rider C. Beginning with the rates adopted in December 2017, all riser replacement costs are being collected in the base gas service rates to more accurately reflect the cost of service. Furthermore, the Rider C charge was set to zero at the time of the first step of the two-year plan in 2018. In March 2024, City Council adopted a five-year rate plan consisting of annual rate increases each April 1 for 2024 through 2028.

The City continues to monitor potential threats to supply and the City's Gas System. The City maintains an A1 bond rating with a stable outlook for its Gas System and its Gas System Revenue Bonds.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Gas System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

**CITY OF HAMILTON, OHIO – GAS SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and investments	\$ 2,401,538	3,064,039
Accounts receivable (less allowance for uncollectible accounts of \$455,808 and \$491,536, respectively)	3,153,637	3,381,572
Interest receivable	10,819	8,363
Inventory of supplies at cost	188,178	197,476
Prepaid expenses	183,070	165,224
Total current assets	<u>5,937,242</u>	<u>6,816,674</u>
Restricted assets:		
Cash and investments	<u>2,000,000</u>	<u>2,000,000</u>
Noncurrent assets:		
Net OPEB asset	-	421,801
Nondepreciable capital assets	2,624,259	2,907,539
Depreciable capital assets, net	<u>27,198,812</u>	<u>28,595,540</u>
Total noncurrent assets	<u>29,823,071</u>	<u>31,924,880</u>
Total assets	<u>37,760,313</u>	<u>40,741,554</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	119,045	148,805
Pension	1,390,397	500,784
OPEB	<u>234,917</u>	<u>32,744</u>
Total deferred outflows of resources	<u>1,744,359</u>	<u>682,333</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,061,997	1,606,819
Accrued wages and benefits	77,786	122,639
Intergovernmental payable	36,498	37,143
Accrued interest payable	23,454	26,857
Customer deposits payable	580,278	636,542
Compensated absences payable-current	206,012	199,870
Revenue bonds payable-current	<u>665,000</u>	<u>655,000</u>
Total current liabilities	<u>2,651,025</u>	<u>3,284,870</u>
Noncurrent liabilities:		
Compensated absences payable	127,348	120,226
Revenue bonds payable	3,200,000	3,865,000
Net pension liability	3,403,015	1,144,212
Net OPEB liability	74,619	-
Total OPEB liability	<u>150,959</u>	<u>250,551</u>
Total noncurrent liabilities	<u>6,955,941</u>	<u>5,379,989</u>
Total liabilities	<u>9,606,966</u>	<u>8,664,859</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	81,763	1,386,091
OPEB	<u>147,629</u>	<u>496,900</u>
Total deferred inflows of resources	<u>229,392</u>	<u>1,882,991</u>
NET POSITION		
Net investment in capital assets	26,073,506	27,126,857
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	<u>1,594,808</u>	<u>1,749,180</u>
Total net position	<u>\$ 29,668,314</u>	<u>30,876,037</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services	\$ 16,052,435	19,228,377
Other operating revenues	<u>130,811</u>	<u>2,305</u>
Total operating revenues	<u>16,183,246</u>	<u>19,230,682</u>
Operating expenses:		
Personal services	2,698,546	2,207,940
Materials and supplies	261,848	231,746
Contractual services	1,728,592	1,394,134
Purchased gas	6,377,126	9,985,353
Depreciation	2,251,076	2,177,482
Other operating expenses	<u>4,181,557</u>	<u>4,009,082</u>
Total operating expenses	<u>17,498,745</u>	<u>20,005,737</u>
Operating loss	(1,315,499)	(775,055)
Non-operating revenues (expenses):		
Investment earnings	262,751	(61,737)
Loss on disposal of capital assets	(4,664)	(20,543)
Interest and fiscal charges	<u>(150,311)</u>	<u>(165,605)</u>
Total non-operating revenues (expenses)	<u>107,776</u>	<u>(247,885)</u>
Loss before transfers	(1,207,723)	(1,022,940)
Transfers in	<u>-</u>	<u>150,000</u>
Change in net position	(1,207,723)	(872,940)
Net position - beginning of year	<u>30,876,037</u>	<u>31,748,977</u>
Net position - end of year	\$ <u><u>29,668,314</u></u>	<u><u>30,876,037</u></u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,411,181	18,784,566
Cash paid for employee services and benefits	(2,823,961)	(2,813,152)
Cash paid to suppliers for goods and services	<u>(13,169,614)</u>	<u>(15,221,526)</u>
Net cash from operating activities	<u>417,606</u>	<u>749,888</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	<u>-</u>	<u>150,000</u>
Net cash from noncapital financing activities	<u>-</u>	<u>150,000</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(561,448)	(1,609,878)
Debt principal payments	(655,000)	(635,000)
Debt interest payments	<u>(123,954)</u>	<u>(139,134)</u>
Net cash from capital and related financing activities	<u>(1,340,402)</u>	<u>(2,384,012)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>260,295</u>	<u>(64,601)</u>
Net cash flow from investing activities	<u>260,295</u>	<u>(64,601)</u>
Net change in cash and investments	(662,501)	(1,548,725)
Cash and investments at beginning of year	<u>5,064,039</u>	<u>6,612,764</u>
Cash and investments at end of year	\$ <u>4,401,538</u>	<u>5,064,039</u>
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (1,315,499)	(775,055)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	2,251,076	2,177,482
Change in deferred outflows-pension and OPEB	(1,091,786)	(124,449)
Change in deferred inflows-pension and OPEB	(1,653,599)	424,105
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	227,935	(446,116)
(Increase) decrease in inventory	9,298	(21,539)
(Increase) decrease in prepaid items	(17,846)	(54,494)
Increase (decrease) in customer deposits payable	(56,264)	(73,470)
Increase (decrease) in payables	(559,106)	550,848
Increase (decrease) in accrued liabilities	(31,589)	36,909
Increase (decrease) in intergovernmental payables	(645)	2,347
(Increase) decrease in net OPEB asset	421,801	(199,819)
Increase (decrease) in net pension liability	2,258,803	(661,039)
Increase (decrease) in net OPEB liability	74,619	-
Increase (decrease) in total OPEB liability	<u>(99,592)</u>	<u>(85,822)</u>
Net cash from operating activities	\$ <u>417,606</u>	<u>749,888</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>3,610</u>	<u>15,617</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – GAS SYSTEM

Notes to Financial Statements Years Ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Gas System (Gas System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Gas System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Gas System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Gas System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Gas System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Gas System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Gas System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Compensated Absences – The Gas System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Gas System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Gas System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Gas System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Gas System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Gas System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Gas System totaled \$4,401,538 and \$5,064,039 at December 31, 2023 and 2022, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

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 and is recognized as an external investment pool by the City. Investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 does not have a custodial risk policy. As of December 31, 2023 and 2022, approximately 92% and 93%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Gas System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Gas System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Gas Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments 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 possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Gas System, are invested primarily in U.S. governmental agency securities with an AA+ credit rating and an average maximum maturity of 1.99 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Earned and unbilled consumer accounts	\$ 1,970,207	2,207,821
Earned and billed consumer accounts	1,637,769	1,662,325
Other	1,469	2,962
Less allowance for uncollectible accounts	<u>(455,808)</u>	<u>(491,536)</u>
Total	\$ <u>3,153,637</u>	<u>3,381,572</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets was \$2,000,000 at December 31, 2023 and 2022.

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5. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	2,196,657	33,584	(316,864)	1,913,377
Subtotal	<u>2,907,539</u>	<u>33,584</u>	<u>(316,864)</u>	<u>2,624,259</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,358,763	-	-	1,358,763
Machinery and equipment	84,340,956	859,012	(17,321)	85,182,647
Subtotal	<u>85,699,719</u>	<u>859,012</u>	<u>(17,321)</u>	<u>86,541,410</u>
Totals at historical cost	<u>88,607,258</u>	<u>892,596</u>	<u>(334,185)</u>	<u>89,165,669</u>
Less accumulated depreciation:				
Buildings and improvements	1,198,606	77,288	-	1,275,894
Machinery and equipment	55,905,573	2,173,788	(12,657)	58,066,704
Total accumulated depreciation	<u>57,104,179</u>	<u>2,251,076</u>	<u>(12,657)</u>	<u>59,342,598</u>
Capital assets, net	<u>\$ 31,503,079</u>	<u>\$ (1,358,480)</u>	<u>\$ (321,528)</u>	<u>\$ 29,823,071</u>
	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	3,298,543	93,381	(1,195,267)	2,196,657
Subtotal	<u>4,009,425</u>	<u>93,381</u>	<u>(1,195,267)</u>	<u>2,907,539</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,339,113	19,650	-	1,358,763
Machinery and equipment	82,202,054	2,462,723	(323,821)	84,340,956
Subtotal	<u>83,541,167</u>	<u>2,482,373</u>	<u>(323,821)</u>	<u>85,699,719</u>
Totals at historical cost	<u>87,550,592</u>	<u>2,575,754</u>	<u>(1,519,088)</u>	<u>88,607,258</u>
Less accumulated depreciation:				
Buildings and improvements	1,120,199	78,407	-	1,198,606
Machinery and equipment	54,109,776	2,099,075	(303,278)	55,905,573
Total accumulated depreciation	<u>55,229,975</u>	<u>2,177,482</u>	<u>(303,278)</u>	<u>57,104,179</u>
Capital assets, net	<u>\$ 32,320,617</u>	<u>\$ 398,272</u>	<u>\$ (1,215,810)</u>	<u>\$ 31,503,079</u>

6. LONG TERM DEBT

In August 2017, the Gas System defeased \$4,250,000 of Gas System Revenue Bonds through the issuance of \$5,840,000 of Revenue Refunding Bonds. A portion of the net proceeds of the 2017 Bonds were used to make current payments on the old bonds and the remaining proceeds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds.

In August 2018, the Gas System issued \$1,720,000 in Series 2018 Gas System Improvement Bonds to provide funding for Gas System distribution improvements. The bonds fully mature on October 15, 2038 and bear interest of 3.8 percent per annum.

Activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
2017 Refunding Bonds	\$ 3,045,000	\$ -	\$ (585,000)	\$ 2,460,000	\$ 595,000
2018 Revenue Bonds	1,475,000	-	(70,000)	1,405,000	70,000
Compensated absences	<u>320,096</u>	<u>213,134</u>	<u>(199,870)</u>	<u>333,360</u>	<u>206,012</u>
	<u>\$ 4,840,096</u>	<u>\$ 213,134</u>	<u>\$ (854,870)</u>	<u>\$ 4,198,360</u>	<u>\$ 871,012</u>

Activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
2017 Refunding Bonds	\$ 3,615,000	\$ -	\$ (570,000)	\$ 3,045,000	\$ 585,000
2018 Revenue Bonds	1,540,000	-	(65,000)	1,475,000	70,000
Compensated absences	<u>311,921</u>	<u>199,108</u>	<u>(190,933)</u>	<u>320,096</u>	<u>199,870</u>
	<u>5,466,921</u>	<u>199,108</u>	<u>(825,933)</u>	<u>4,840,096</u>	<u>854,870</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

Annual debt service requirements to maturity for the refunding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 665,000	\$ 108,248	\$ 773,248
2025	685,000	92,320	777,320
2026	695,000	75,867	770,867
2027	715,000	59,191	774,191
2028	85,000	41,990	126,990
2029-2033	465,000	159,790	624,790
2034-2038	<u>555,000</u>	<u>64,790</u>	<u>619,790</u>
Total	<u>\$ 3,865,000</u>	<u>\$ 602,196</u>	<u>\$ 4,467,196</u>

7. DEFINED BENEFIT PENSION PLANS

The Gas System contributes to the Ohio Public Employees Retirement.

Ohio Public Employees Retirement System

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pension is 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 Gas System’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 Gas System’s obligation for this liability to annually required payments. The Gas System cannot control benefit terms or the manner in which pensions are financed; however, the Gas System does receive the benefit of employees’ services in exchange for compensation including pension.

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2023 and 2022:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:		
Pension	14.0 %	
Post-employment Health Care Benefits	<u>0.0 %</u>	
Total Employer	<u>14.0 %</u>	
Employee	<u>10.0 %</u>	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System’s contractually required contributions were \$262,629 and \$268,630 for 2023 and 2022, respectively. Of these amounts, \$10,741 was reported as an intergovernmental payable in 2023 and \$11,418 in 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Gas System's proportion of the net pension liability was based on the Gas System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net Pension Liability	\$ 3,403,015	\$ 1,144,212
Proportion of the Net Pension Liability	0.0115200%	0.0131513%
Change in Proportion	-0.0016312%	0.0009593%
Pension Expense	\$ 471,559	\$ (178,291)

At December 31, 2023 and 2022, the Gas System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2023	2022
Deferred Outflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 969,966	\$ -
Gas System change in proportionate share	8,818	30,742
Changes in assumptions	35,950	143,082
Differences between expected and actual experience	113,034	58,330
Gas System contributions subsequent to the measurement date	262,629	268,630
Total Deferred Outflows of Resources	\$ 1,390,397	\$ 500,784
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,360,997
Gas System change in proportionate share	81,763	-
Differences between expected and actual experience	-	25,094
Total Deferred Inflows of Resources	\$ 81,763	\$ 1,386,091

\$262,629 reported as deferred outflows of resources related to pension resulting from the Gas System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$ 84,619
2025	200,301
2026	285,666
2027	475,419
Total	\$ 1,046,005

Actuarial Assumptions. 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.

	<u>December 31, 2022</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2023, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Gas System's proportionate share of the net pension liability	\$ 5,097,610	\$ 3,403,015	\$ 1,993,425

8. DEFINED BENEFIT OPEB PLANS

The Gas System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

Ohio Revised Code limits the City's obligation for this liability to annual required payments. The Gas System cannot control benefit terms or the manner in which OPEB are financed; however, the Gas System 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 employer 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 system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System's contractually required contributions were \$0 for 2023 and 2022.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Gas System's proportion of the net OPEB liability/(asset) was based on the Gas System's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 74,619	\$ (421,801)
Proportion of the Net OPEB Liability/(Asset)	0.0118345%	0.0134668%
Change in Proportion	-0.0016323%	0.0010070%
OPEB Expense	\$ (132,207)	\$ (348,779)

At December 31, 2023 and 2022, the Gas System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 148,197	\$ -
Gas System change in proportionate share	-	2,765
Changes in assumptions	72,884	-
Total Deferred Outflows of Resources	<u>\$ 221,081</u>	<u>\$ 2,765</u>

Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 201,085
Changes in assumptions	5,997	170,740
Differences between expected and actual experience	18,613	63,980
Total Deferred Inflows of Resources	<u>\$ 24,610</u>	<u>\$ 435,805</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:		
	2024	\$ 24,468
	2025	54,198
	2026	46,213
	2027	71,592
Total		<u>\$ 196,471</u>

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Gas System’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the Gas System’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Gas System’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0 percentage point lower (4.22 percent) or 1.0 percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Gas System's proportionate share of the net OPEB liability (asset)	\$ 253,776	\$ 74,619	\$ (73,318)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Gas System's proportionate share of the net OPEB liability	\$ 69,889	\$ 74,619	\$ 79,822

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Gas System’s contractually required contributions were \$12,136 in 2023 and \$17,977 in 2022.

At December 31, 2023, the number of plan-wide active participants and retirees were 620 and 596, respectively, and 607 and 676 at December 31, 2022, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2023. Following is information related to the changes in total OPEB liability:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability, beginning of year	\$ 250,551	\$ 336,373
Service cost	2,496	4,811
Interest	9,782	5,894
Difference between expected and actual experience	(21,192)	(1,700)
Changes in assumptions	(78,542)	(76,850)
Benefit payments	<u>(12,136)</u>	<u>(17,977)</u>
Total OPEB Liability, end of year	<u>\$ 150,959</u>	<u>\$ 250,551</u>
Retiree Life Insurance Plan OPEB expense	(\$21,525)	(\$7,911)

At December 31, 2023 and 2022, the Gas System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 9,674	\$ 22,362
Differences between expected and actual experience	<u>4,162</u>	<u>7,617</u>
Total Deferred Outflows of Resources	<u>\$ 13,836</u>	<u>\$ 29,979</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 123,019</u>	<u>\$ 61,095</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:		
2024	\$	(28,283)
2025		(33,835)
2026		(28,746)
2027		<u>(18,319)</u>
Total	\$	<u>(109,183)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	3.80 percent
Prior measurement date	4.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Gas System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 3.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.80 percent) and one-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$ 168,666	\$ 150,959	\$ 136,202

9. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City involving the Gas System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Gas System.

10. RELATED PARTY TRANSACTIONS

The Gas System sells gas to the City’s Electric System for use in the generation of electricity. Revenues of approximately \$60,000 and \$166,000 from the Electric System to the Gas System are included in operating revenues in 2023 and 2022, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds that provide services to various City departments. Charges to the Gas System for these services were approximately \$4,622,000 in 2023 and \$4,365,000 in 2022 and are included in operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Gas System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials’ errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2023, the Gas System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$1,003,000.

13. CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Gas System's Proportion of the Net Pension Liability	Gas System's Proportionate Share of the Net Pension Liability	Gas System's Covered Payroll	Gas System'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	0.0101489%	\$ 1,198,966	\$ 1,116,600	107.38%	86.36%
2015	0.0101489%	1,224,067	1,251,175	97.83%	86.45%
2016	0.0099057%	1,715,789	1,165,042	147.27%	81.08%
2017	0.0098227%	2,230,562	1,292,917	172.52%	77.25%
2018	0.0110862%	1,739,203	1,391,669	124.97%	84.66%
2019	0.0113488%	3,108,207	1,494,436	207.99%	74.70%
2020	0.0118601%	2,344,239	1,598,379	146.66%	82.17%
2021	0.0121912%	1,805,251	1,690,936	106.76%	86.88%
2022	0.0131513%	1,144,212	1,746,700	65.51%	92.62%
2023	0.0115200%	3,403,015	1,918,786	177.35%	75.74%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 150,141	\$ (150,141)	\$ -	\$ 1,251,175	12.00%
2015	139,805	(139,805)	-	1,165,042	12.00%
2016	155,150	(155,150)	-	1,292,917	12.00%
2017	180,917	(180,917)	-	1,391,669	13.00%
2018	209,221	(209,221)	-	1,494,436	14.00%
2019	223,773	(223,773)	-	1,598,379	14.00%
2020	236,731	(236,731)	-	1,690,936	14.00%
2021	244,538	(244,538)	-	1,746,700	14.00%
2022	268,630	(268,630)	-	1,918,786	14.00%
2023	262,629	(262,629)	-	1,875,921	14.00%

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SEVEN MEASUREMENT PERIODS**

	Gas System's Proportion of the Net OPEB Liability/(Asset)	Gas System's Proportionate Share of the Net OPEB Liability/(Asset)	Gas System's Covered Payroll	Gas System'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	0.0105187%	\$ 1,062,426	\$ 1,292,917	82.17%	54.05%
2018	0.0112157%	1,217,946	1,391,669	87.52%	54.14%
2019	0.0114953%	1,498,716	1,494,436	100.29%	46.33%
2020	0.0120578%	1,665,497	1,598,379	104.20%	47.80%
2021	0.0124598%	(221,982)	1,690,936	(13.13%)	115.57%
2022	0.0134668%	(421,801)	1,746,700	(24.15%)	128.23%
2023	0.0118345%	74,619	1,918,786	3.89%	94.79%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST EIGHT YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 25,858	\$ (25,858)	\$ -	\$ 1,292,917	2.00%
2017	13,917	(13,917)	-	1,391,669	1.00%
2018	-	-	-	1,494,436	0.00%
2019	-	-	-	1,598,379	0.00%
2020	-	-	-	1,690,936	0.00%
2021	-	-	-	1,746,700	0.00%
2022	-	-	-	1,918,786	0.00%
2023	-	-	-	1,875,921	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	Gas System's Proportion Total OPEB Liability	Gas System's Covered- Employee Payroll	Gas System's Proportionate Gas System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,391,669	19.92%
2018	265,451	1,494,436	17.76%
2019	300,592	1,598,379	18.81%
2020	326,308	1,690,936	19.30%
2021	336,373	1,746,700	19.26%
2022	250,551	1,918,786	13.06%
2023	150,959	1,875,921	8.05%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SIX YEARS**

	2023	2022	2021	2020
Beginning Total OPEB Liability	\$ 250,551	\$ 336,373	\$ 326,308	\$ 300,592
Service Cost	2,496	4,811	4,488	3,676
Interest	9,782	5,894	6,348	8,028
Difference between expected and actual experience	(21,192)	(1,700)	7,812	4,383
Changes in assumptions	(78,542)	(76,850)	9,313	27,073
Benefit payments	(12,136)	(17,977)	(17,896)	(17,444)
Ending Total OPEB Liability	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>

	2019	2018
Beginning Total OPEB Liability	\$ 265,451	\$ 277,234
Service Cost	2,937	3,100
Interest	9,762	9,412
Difference between expected and actual experience	6,383	3,947
Changes in assumptions	33,317	(11,462)
Benefit payments	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2023.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement period:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.



**CITY OF HAMILTON – ELECTRIC SYSTEM
BUTLER COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Hamilton – Electric System, an enterprise fund of the City of Hamilton, Butler County, Ohio (the Electric System), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Electric System'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 financial position of the City of Hamilton – Electric System, Butler County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Electric System, 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 opinion.

Emphasis of Matter - Presentation

As described in Note 1, the financial statements present only the Electric System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Electric System as of and for the year ended December 31, 2022 from which the comparative information for December 31, 2022 was derived were audited by a predecessor auditor. An unmodified opinion was issued June 21, 2023 by the predecessor auditor.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Electric System'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 opinion. 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 Electric System'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 Electric System'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.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

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City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Electric System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2023 and 2022. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2023 and 2022 are as follows:

- The assets and deferred outflow of resources of the Hamilton Electric System exceeded its liabilities and deferred inflows of resources at the close of 2023 and 2022 by \$138,425,012 and \$133,338,661 (net position), respectively. Of these amounts, \$46,420,826 and \$39,800,114 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- The system's total net position increased by \$5,086,351 between 2023 and 2022, representing a 3.8% increase.
- In 2023, the Electric System's long-term debt decreased by \$1,355,000, with an outstanding balance remaining of \$34,375,000.

Electric System Summary

The City of Hamilton, Ohio has owned and operated an electric utility system since 1893. Currently, the system is the second largest municipally owned electric system in Ohio. The electric system is a fully integrated electric generation, transmission and distribution system. The system owns both thermal and hydroelectric generation facilities and maintains a diverse customer base, with approximately 29,735 customers. Customer rates are established by the City and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any other regulatory body.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Electric System for the year ended December 31, 2023.

Reporting Hamilton's Electric System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Electric System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Electric System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2023 and 2022. The City of Hamilton's Electric System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Electric Fund are restricted to Electric System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the System looks at all financial transactions of the Electric Fund and asks the question, "How did we do financially during 2023 and 2022?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Electric System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Electric System charges fees to recoup the cost of the entire operation of the Electric System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. Table 1 provides a summary of the Electric System's Statement of Net Position for the Years Ended December 31, 2023, 2022, and 2021.

	2023	2022	2021
Current and other assets	\$ 72,306,510	\$ 66,738,244	\$63,347,157
Capital assets	121,842,316	125,174,321	126,507,301
Total assets	<u>194,148,826</u>	<u>191,912,565</u>	<u>189,854,458</u>
Deferred outflows of resources	7,891,610	2,565,369	2,074,918
Long-term liabilities:			
Net pension liability	16,078,320	5,131,104	8,706,562
OPEB liabilities	503,518	250,551	336,373
Other long-term amounts	36,237,162	37,747,723	39,244,281
Other liabilities	10,036,803	9,599,996	10,270,975
Total liabilities	<u>62,855,803</u>	<u>52,729,374</u>	<u>58,558,191</u>
Deferred inflows of resources	759,621	8,409,899	7,030,372
Net investment in capital assets	87,286,232	88,839,344	90,324,670
Restricted	4,717,954	4,699,203	4,688,911
Unrestricted	46,420,826	39,800,114	31,327,232
Total net position	<u>\$ 138,425,012</u>	<u>\$ 133,338,661</u>	<u>\$ 126,340,813</u>

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Electric System's financial statements as a result of the Electric System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Electric System's financial statements reflects OPEB benefits provided by the Electric System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

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 liability/(asset) to equal the Electric System'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 Electric System 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

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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/(asset) are satisfied, the liability and asset are separately identified within the long-term sections of the statement of net position.

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

The System's asset values consists of the physical property, plant and equipment of the system having a historical cost less accumulated depreciation of \$121,842,316, \$125,174,321, and \$126,507,301, respectively, at December 31, 2023, 2022, and 2021. The System employs these assets in the generation, transmission, and distribution of electricity to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt in the Net Position section of the Statement of Net Position and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities.

As of December 31, 2023, 2022, and 2021, the Electric System was able to report positive balances in net position of \$138,425,012, \$133,338,661, and \$126,340,813, respectively. In 2023, 2022, and 2021, the Electric System reported operating income of \$3,928,250, \$9,122,267, and \$15,893,081, respectively. Operating revenue is consistent with the prior year with consideration of a rate increase that went into effect February 1, 2022. The increase in operating expense was a direct result of changes in the net pension and net OPEB liabilities and increased costs of power and fuel. Net non-operating expenses of \$2,134,419 decreased by \$3,292,520, resulting in non-operating revenue of \$1,158,101 due to unrealized gains on investments.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Statement of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 87,636,270	\$ 86,535,081	\$85,535,709
Operating expenses:			
Purchased power and fuel	52,501,719	50,839,569	49,132,047
Depreciation	7,058,863	7,422,962	7,055,527
Other operating expenses	24,147,438	19,150,283	13,455,054
Total operating expenses	<u>83,708,020</u>	<u>77,412,814</u>	<u>69,642,628</u>
Operating income (loss)	3,928,250	9,122,267	15,893,081
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,246,036)	(1,308,798)	(1,368,347)
Loss on disposal of capital assets	(216,733)	(45,598)	(217,290)
Other non-operating expenses	2,620,870	(780,023)	(198,681)
Total non-operating revenues (expenses)	<u>1,158,101</u>	<u>(2,134,419)</u>	<u>(1,784,318)</u>
Transfers	<u>-</u>	<u>10,000</u>	<u>-</u>
Change in net position	5,086,351	6,997,848	14,108,763
Beginning net position	133,338,661	126,340,813	112,232,050
Ending net position	<u>\$ 138,425,012</u>	<u>\$ 133,338,661</u>	<u>\$ 126,340,813</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Electric System as of December 31, 2023, 2022, and 2021 amounted to \$87.2 million, \$88.8 million, \$90.3 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment including the City's hydro-electric and thermal generation facilities. The plant and equipment of the Electric System are rigorously tested, and maintenance schedules are adhered to in a strenuous fashion to insure safe, long-term, efficient operation.

Note 5 (Capital Assets) provides Electric System asset activity during 2023 and 2022.

Debt Administration: At the end of 2023, the Electric System had three outstanding long-term revenue bond issues totaling \$34,375,000, with \$1,425,000 due within one year.

See Note 6 for a discussion of outstanding Electric System bonds, notes and related activity.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Economic Factors and Future Trends

The City's 2023 rate base consisted of approximately 26,825 residential customers and 2,910 commercial and industrial customers. The residential customers account for 49% of the revenue, the commercial and industrial customers account for the remaining 51%. No single customer of the Electric System accounted for more than 5% of total revenues and the ten largest customers, in the aggregate, accounted for approximately 15% of the Electric System's revenues in 2023. The Electric System customer base is comprised of approximately 90% residential and 10% commercial and industrial customers.

The City has a rate ordinance, which sets forth rates and charges for Residential, Commercial Non-Demand, Commercial Demand, Large Power and Industrial Service. All rates include:

- A power cost adjustment (PCA) charge (Rider A) that allows for increases or decreases in the fuel and purchased power costs to be passed directly through to the Electric System's customers in comparison with the level of power costs embedded in the base rates. Rider A was not assessed in 2023.
- An electric rate stabilization adjustment rider (Rider B) that allows for a percentage adder to be applied to all charges under each rate schedule to replenish revenues previously withdrawn from the Electric Rate Stabilization Fund. Rider B was not assessed for 2023.
- A suburban surcharge (Rider C) of 5% for all Electric System customers outside the corporate limits of the City.
- An unfunded environmental mandates adjustment rider (UEMA – Rider D) that allows for expenses associated with the Electric System's compliance with environmental mandates, not included in the base rates or PCA. Rider D was not assessed for 2023.
- An unfunded governmental and regulatory, excluding environmental (Rider D), mandates adjustment rider (UGRMA – Rider E) that allows for expenses associated with the Electric System's compliance with governmental and regulatory mandates not included in the base rates, PCA or Rider D. Rider E was not assessed for 2023.
- The Economic Development Cost Adjustment (Rider F) for Electric was not assessed in 2023.

The annual budget of the City Electric System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated annually, or more often as deemed necessary by City Management.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The Electric System serves the electricity needs of its customers with energy from a diversified mix of resources. This mix consists of steam, hydroelectric, combustion turbine generating facilities and the wholesale energy market. The City has purchase power contracts with American Municipal Power Inc. (AMP) for several generating resources including the New York Power Authority ("NYPA"), Prairie State Energy Campus ("Prairie State"), Ohio Municipal Electric Generating Agency Joint Venture 2 ("OMEGA JV-2"), Meldahl and the wholesale energy market.

Prairie State is a 2-unit, 1,600 MW coal-fired generating project that is located in Central Illinois. Prairie State began commercial operation in 2012. The City and AMP executed a 50-year purchase power agreement under which the City purchases 17.5 MW from each unit, resulting in a total City contractual entitlement of 35 MW of capacity. Prairie State provided approximately 285,547 MWh of the City's energy supply in 2023. AMP owns an interest in the Prairie State Energy Campus equivalent to 368 MW of capacity.

In 2011, AMP purchased AFEC, a natural gas-fired combined cycle generating station, from FirstEnergy. Plant construction was completed by December 31, 2011 and commercial operation of the facility began on January 1, 2012. AFEC is located near Fremont, Ohio. AFEC includes two 180 MW (net) natural gas-fired combustion turbines and one 360 MW (net) steam turbine.. As of February 1, 2023, the City is no longer a participant in the AFEC project due to the divestiture of the resource in an effort to reduce excess power supply resources and stabilize electric rates to customers.

On March 1, 2009, the City entered into the AMP/Hamilton Meldahl-Greenup Agreements pursuant to which the City has retained approximately 55.928 MW of the 108.81 MW Meldahl project. Additionally, the City sold approximately 34.1 MW of the 70.2 MW Greenup Project to AMP for a sale price of \$139 million, which was paid by AMP to the City shortly after the commencement of operations of the Meldahl Project in 2016. Proceeds from the sale were used to retire outstanding debt or deposited into a reserve to fund necessary capital improvements to the Electric System. Pursuant to the agreement, the City's share of the combined Meldahl/Greenup annual power generation in 2023 was approximately 409,712 MWh, thereby diversifying the City's power resources and moving further away from the production of power via fossil fuels.

The City purchases approximately 3.8 MW on-peak and 1.9 MW off-peak of project capability and associated energy from the New York Power Authority's Niagara and St. Lawrence Hydroelectric Projects, marketed by NYPA and supplied through AMP. NYPA supplied approximately 24,187 MWh of the City's energy supply in 2023. The NYPA entitlement is transmitted to the Electric System through New York, Pennsylvania, and the Pennsylvania-New Jersey-Maryland Interconnection, LLC systems and the Duke interconnection.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

In November 2000, the City became a participant in OMEGA JV-2. OMEGA JV-2 owns and operates approximately 138 MW of distributive generation capacity consisting of 38 units located in 13 Ohio communities. One of the OMEGA JV-2 units, a 32 MW (gross) combustion turbine, is located within the City limits, but not at the Thermal Power Plant, and is interconnected with the Electric System. The OMEGA JV-2 generating unit that is located in Hamilton is remotely operated by AMP, under the OMEGA JV-2 arrangement. The City is entitled by contract to approximately 32 MW (gross) of capacity and associated energy from OMEGA JV-2. JV-2 supplied approximately 1,559 MWh of the City's energy supply in 2023. The capacity charge includes the City's portion of the cost of funding the purchase of the OMEGA JV-2.

Gas Turbine-Generator 2, or GT-2, is a natural gas-fired combustion turbine. Gas Turbine-Generator 2 is used for peaking. Gas Turbine No. 2 was manufactured by Westinghouse.

The City is the licensee of the Small Hydro Plant, a run-of-the-river hydroelectric generation facility located on a three-mile long diversion canal off the Great Miami River. Water is diverted into the canal by means of ungated dams. The Small Hydro Plant is located in the City approximately one-quarter mile from the Thermal Power Plant. The Small Hydro Plant capacity rating is 1,700 kW and supplied approximately 5,716 MWh of the City's energy supply in 2023. The diversion canal is the source of cooling water for the thermal generation facilities.

In 2012, the Electric System joined the PJM RTO (Regional Transmission Organization). This transition meant that the Electric System would receive its power from the "grid" through PJM as opposed to through the MISO (Midwest Independent System Operators) RTO, its pre-2012 Regional Transmission Organization. This transition resulted from the decision of Duke Energy Ohio and Duke Energy Kentucky switch from MISO to PJM. Since the City of Hamilton is essentially surrounded by the territory of Duke Energy Ohio and receives its outside power through the Duke Energy Interconnect, the decision to switch to PJM made operational and economic sense. Additionally, most of Ohio is already located in PJM.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Electric System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

**CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and investments	\$ 53,361,276	47,560,801
Accounts receivable (less allowance for uncollectible accounts of \$2,164,847 and \$2,230,869, respectively)	10,746,319	9,788,307
Interest receivable	282,767	131,906
Leases receivable	43,980	42,682
Inventory of supplies at cost	2,124,528	1,815,143
Prepaid expenses	937,672	672,687
Total current assets	<u>67,496,542</u>	<u>60,011,526</u>
Restricted cash and investments	<u>4,717,954</u>	<u>4,699,203</u>
Noncurrent assets:		
Leases receivable	92,014	135,994
Net OPEB asset	-	1,891,521
Nondepreciable capital assets	25,918,132	26,518,188
Depreciable capital assets, net	95,924,184	98,656,133
Total noncurrent assets	<u>121,934,330</u>	<u>127,201,836</u>
Total assets	<u>194,148,826</u>	<u>191,912,565</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	266,102	276,337
Pension	6,567,128	2,245,717
OPEB	1,058,380	43,315
Total deferred outflows of resources	<u>7,891,610</u>	<u>2,565,369</u>
LIABILITIES		
Current liabilities:		
Accounts payable	4,732,829	4,758,269
Accrued wages and benefits	386,728	532,101
Accrued liabilities	1,513	1,237
Intergovernmental payable	180,867	163,265
Accrued interest payable	342,802	360,116
Customer deposits payable	2,167,447	1,695,531
Compensated absences payable-current	799,617	734,477
Revenue bonds payable-current portion	1,425,000	1,355,000
Total current liabilities	<u>10,036,803</u>	<u>9,599,996</u>
Noncurrent Liabilities:		
Compensated absences payable	667,283	595,984
Revenue bonds payable	35,569,879	37,151,739
Net pension liability	16,078,320	5,131,104
Net OPEB liability	352,559	-
Total OPEB liability	150,959	250,551
Total noncurrent liabilities	<u>52,819,000</u>	<u>43,129,378</u>
Total liabilities	<u>62,855,803</u>	<u>52,729,374</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	134,007	178,676
Pension	386,320	6,215,802
OPEB	239,294	2,015,421
Total deferred inflows of resources	<u>759,621</u>	<u>8,409,899</u>
NET POSITION		
Net investment in capital assets	87,286,232	88,839,344
Restricted for debt service	717,954	699,203
Restricted for rate stabilization	4,000,000	4,000,000
Unrestricted	46,420,826	39,800,114
Total net position	<u>\$ 138,425,012</u>	<u>133,338,661</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services	\$ 87,241,035	84,975,151
Other operating revenues	<u>395,235</u>	<u>1,559,930</u>
Total operating revenues	<u>87,636,270</u>	<u>86,535,081</u>
Operating expenses:		
Personal services	10,815,824	6,173,236
Materials and supplies	1,098,034	1,434,151
Contractual services	8,167,896	7,540,757
Purchased power and fuel	52,501,719	50,839,569
Depreciation	7,058,863	7,422,962
Other operating expenses	<u>4,065,684</u>	<u>4,002,139</u>
Total operating expenses	<u>83,708,020</u>	<u>77,412,814</u>
Operating income	3,928,250	9,122,267
Non-operating revenues (expenses):		
Investment earnings	2,620,870	(780,023)
Loss on disposal of capital assets	(216,733)	(45,598)
Interest and fiscal charges	<u>(1,246,036)</u>	<u>(1,308,798)</u>
Total non-operating revenues (expenses)	<u>1,158,101</u>	<u>(2,134,419)</u>
Income before transfers	5,086,351	6,987,848
Transfers in	<u>-</u>	<u>10,000</u>
Change in net position	5,086,351	6,997,848
Net position - beginning of year	<u>133,338,661</u>	<u>126,340,813</u>
Net position - end of year	\$ <u>138,425,012</u>	<u>133,338,661</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 86,676,547	85,269,631
Cash paid for employee services and benefits	(12,937,885)	(11,909,899)
Cash paid to suppliers for goods and services	<u>(63,453,688)</u>	<u>(62,326,848)</u>
Net cash from operating activities	<u>10,284,974</u>	<u>11,032,884</u>
Cash flows from noncapital financing activities:		
Kilowatt hour taxes received	2,251,044	2,371,076
Kilowatt hour taxes paid to State	(2,251,044)	(2,371,076)
Transfers in from other funds	<u>-</u>	<u>10,000</u>
Net cash from noncapital financing activities	<u>-</u>	<u>10,000</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(4,170,782)	(6,623,173)
Revenue bond principal retirement	(1,355,000)	(1,285,000)
Debt interest payments	<u>(1,409,975)</u>	<u>(1,471,050)</u>
Net cash from capital and related financing activities	<u>(6,935,757)</u>	<u>(9,379,223)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>2,470,009</u>	<u>(855,917)</u>
Net change in cash and investments	5,819,226	807,744
Cash and investments at beginning of year	<u>52,260,004</u>	<u>51,452,260</u>
Cash and investments at end of year	\$ <u>58,079,230</u>	<u>52,260,004</u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 3,928,250	9,122,267
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	7,058,863	7,422,962
Change in deferred outflows-pension and OPEB	(5,336,476)	(500,686)
Change in deferred inflows-pension, OPEB, and leases	(7,650,278)	1,200,851
Change in Assets and Liabilities:		
(Increase) decrease in receivables	(958,012)	(1,265,650)
(Increase) decrease in inventory	(309,385)	(28,413)
(Increase) decrease in prepaid items	(264,985)	(213,785)
(Increase) decrease in leases receivable	42,682	-
Increase (decrease) in customer deposits payable	471,916	(63,988)
Increase (decrease) in payables	201,751	(321,760)
Increase (decrease) in accrued liabilities	(8,658)	166,061
Increase (decrease) in intergovernmental payables	17,602	(2,770)
(Increase) decrease in net OPEB asset	1,891,521	(820,925)
Increase (decrease) in net pension liability	10,947,216	(3,575,458)
Increase (decrease) in net OPEB liability	352,559	-
Increase (decrease) in Total OPEB liability	<u>(99,592)</u>	<u>(85,822)</u>
Net cash from operating activities	\$ <u>10,284,974</u>	<u>11,032,884</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>127,695</u>	<u>528,117</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

Notes to Financial Statements Years Ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Electric System (Electric System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Electric System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Electric System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Electric System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Electric System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Electric System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Electric System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Discounts and Premiums – Unamortized bond discounts and premiums are amortized on the interest method over the term of the related bonds. Amortization of bond discounts for 2023 and 2022 was \$5,046 and amortization of premiums during 2023 and 2022 was \$161,906.

Compensated Absences - The Electric System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Electric System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Electric System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt 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 for deferred pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Electric System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8) and leases.

Leases Receivable – As a lessor, the City recognizes a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on the net present value calculated using the rate explicit in the contract, the rate implied in the contract, or the City's incremental borrowing rate plus the net impact of any payments to be received at or before commencement of the lease term that relate to future periods, as well as lease incentives payable to the lessee. Deferred inflows are recognized as inflows on a straight-line basis over the term of the lease. For short-term lease contracts – defined as having a maximum possible term of 12 months or less – the City recognizes revenue based on the payment provisions of the lease contract.

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Electric System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Electric System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Electric System totaled \$57,361,276 and \$51,560,801 for December 31, 2023 and 2022, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$717,954 and \$699,203 at December 31, 2023 and 2022, respectively.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 does not have a custodial risk policy. As of December 31, 2023 and 2022, approximately 92% and 93%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Electric System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Electric System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Electric Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments 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 possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

The City’s pooled investments, as well as the investments held by trustees specifically for the Electric System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.99 years and STAR Ohio which has a credit rating of AAAM.

3. ACCOUNTS RECEIVABLE AND LEASE RECEIVABLE

Receivables at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Earned and unbilled consumer accounts	\$ 5,630,880	5,485,943
Earned and billed consumer accounts	6,643,206	5,899,981
Other	637,080	633,252
Less allowance for uncollectible accounts	<u>(2,164,847)</u>	<u>(2,230,869)</u>
Total	<u>\$ 10,746,319</u>	<u>9,788,307</u>

The Electric System leases various office space as lessor. In 2023, the Electric System received \$42,682 in lease payments. Total lease receivable balances at December 31, 2023 are as \$135,994.

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$4,717,954 and \$4,699,203 at December 31, 2023 and 2022, respectively.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
<i>Nondepreciable capital assets:</i>				
Land	\$ 4,769,804	\$ -	\$ -	\$ 4,769,804
Construction in progress	21,748,384	457,427	(1,057,483)	21,148,328
Subtotal	<u>26,518,188</u>	<u>457,427</u>	<u>(1,057,483)</u>	<u>25,918,132</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	26,508,308	17,073	-	26,525,381
Machinery and equipment	426,623,085	4,526,574	(876,678)	430,272,981
Subtotal	<u>454,202,179</u>	<u>4,543,647</u>	<u>(876,678)</u>	<u>457,869,148</u>
Totals at historical cost	<u>480,720,367</u>	<u>5,001,074</u>	<u>(1,934,161)</u>	<u>483,787,280</u>
Less accumulated depreciation:				
Intangibles	321,240	21,416	-	342,656
Buildings and improvements	11,457,430	457,935	-	11,915,365
Machinery and equipment	343,767,376	6,579,512	(659,945)	349,686,943
Total accumulated depreciation	<u>355,546,046</u>	<u>7,058,863</u>	<u>(659,945)</u>	<u>361,944,964</u>
Capital assets, net	<u>\$ 125,174,321</u>	<u>\$ (2,057,789)</u>	<u>\$ (1,274,216)</u>	<u>\$ 121,842,316</u>

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 3,440,307	\$ 1,329,497	\$ -	\$ 4,769,804
Construction in progress	30,585,028	2,183,179	(11,019,823)	21,748,384
Subtotal	<u>34,025,335</u>	<u>3,512,676</u>	<u>(11,019,823)</u>	<u>26,518,188</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	22,942,144	3,566,164	-	26,508,308
Machinery and equipment	417,694,974	10,076,563	(1,148,452)	426,623,085
Subtotal	<u>441,707,904</u>	<u>13,642,727</u>	<u>(1,148,452)</u>	<u>454,202,179</u>
Totals at historical cost	<u>475,733,239</u>	<u>17,155,403</u>	<u>(12,168,275)</u>	<u>480,720,367</u>
Less accumulated depreciation:				
Intangibles	299,824	21,416	-	321,240
Buildings and improvements	11,005,774	451,656	-	11,457,430
Machinery and equipment	337,920,340	6,949,890	(1,102,854)	343,767,376
Total accumulated depreciation	<u>349,225,938</u>	<u>7,422,962</u>	<u>(1,102,854)</u>	<u>355,546,046</u>
Capital assets, net	<u>\$ 126,507,301</u>	<u>\$ 9,732,441</u>	<u>\$ (11,065,421)</u>	<u>\$ 125,174,321</u>

6. LONG-TERM DEBT

In April 2018, the Electric System currently refunded the 2017 Notes through the issuance of \$12,980,000 of Series 2018 Electric System Refunding Revenue Bonds. These bonds fully mature in 2030 and bear interest from 3.0 to 5.0 percent per annum.

In December 2019, the Electric System defeased \$14,520,000 of the Series 2009B Build America Bonds through the issuance of \$11,285,000 of Series 2019 Electric System Mortgage Revenue Refunding Bonds, and additional cash on hand. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in December 2019, the Electric System issued \$15,600,000 of Series 2019 Electric System Mortgage Revenue Bonds to construct a new substation and other necessary improvements. These bonds mature in 2049 and bear interest between 3.0 to 4.0 percent per annum.

Debt activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
Series 2018 Revenue Bonds	\$ 9,775,000	\$ -	\$ (1,030,000)	\$ 8,745,000	\$ 1,085,000
Series 2019 Revenue Refunding Bonds	11,140,000	-	(25,000)	11,115,000	25,000
Series 2019 Revenue Bonds	14,815,000	-	(300,000)	14,515,000	315,000
Less deferred amount:					
for issuance discounts	(136,256)	-	5,046	(131,210)	-
for issuance premiums	2,912,995	-	(161,906)	2,751,089	-
Compensated absences	1,330,461	870,916	(734,477)	1,466,900	799,617
	<u>\$ 39,837,200</u>	<u>\$ 870,916</u>	<u>\$ (2,246,337)</u>	<u>\$ 38,461,779</u>	<u>\$ 2,224,617</u>

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2018 Revenue Bonds	\$ 10,750,000	\$ -	\$ (975,000)	\$ 9,775,000	\$ 1,030,000
Series 2019 Revenue Refunding Bonds	11,160,000	-	(20,000)	11,140,000	25,000
Series 2019 Revenue Bonds	15,105,000	-	(290,000)	14,815,000	300,000
Less deferred amount:					
for issuance discounts	(141,302)	-	5,046	(136,256)	-
for issuance premiums	3,074,901	-	(161,906)	2,912,995	-
Compensated absences	1,260,855	749,779	(680,173)	1,330,461	734,477
	<u>\$ 41,209,454</u>	<u>\$ 749,779</u>	<u>\$ (2,122,033)</u>	<u>\$ 39,837,200</u>	<u>\$ 2,089,477</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

A summary of the Electric System’s annual debt service requirements as of December 31, 2023 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,425,000	\$ 1,341,400	\$ 2,766,400
2025	1,490,000	1,270,150	2,760,150
2026	1,565,000	1,195,650	2,760,650
2027	1,650,000	1,117,400	2,767,400
2028	1,735,000	1,034,900	2,769,900
2029-2033	8,270,000	4,230,450	12,500,450
2034-2038	8,985,000	2,595,000	11,580,000
2039-2043	4,655,000	1,050,800	5,705,800
2044-2048	3,775,000	470,100	4,245,100
2049	<u>825,000</u>	<u>24,750</u>	<u>\$ 849,750</u>
Total	<u>\$ 34,375,000</u>	<u>\$ 14,330,600</u>	<u>\$ 48,705,600</u>

7. DEFINED BENEFIT PENSION PLANS

The Electric System contributes to the Ohio Public Employees Retirement System.

A. Ohio Public Employees Retirement System

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pension is 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 Electric System’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 Electric System’s obligation for this liability to annually required payments. The Electric System cannot control benefit terms or the manner in which pensions are financed; however, the Electric System does receive the benefit of employees’ services in exchange for compensation including pension.

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2023 and 2022:

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$1,240,850 and \$1,204,646 for 2023 and 2022, respectively. Of this amount, \$53,400 was reported as an intergovernmental payable in 2023 and \$52,816 in 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric System's proportion of the net pension liability was based on the Electric System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net Pension Liability	\$ 16,078,320	\$ 5,131,104
Proportion of the Net Pension Liability	0.0544289%	0.0589755%
Change in Proportion	-0.0045466%	0.0001785%
Pension Expense	\$ 2,227,990	\$ (799,530)

At December 31, 2023 and 2022, the Electric System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$4,582,826	\$ -
Electric System change in proportionate share	39,542	137,856
Changes in assumptions	169,856	641,639
Differences between expected and actual experience	534,054	261,576
Electric System contributions subsequent to the measurement date	<u>1,240,850</u>	<u>1,204,646</u>
Total Deferred Outflows of Resources	<u>\$ 6,567,128</u>	<u>\$ 2,245,717</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,103,260
Electric System change in proportionate share	386,320	-
Differences between expected and actual experience	<u>-</u>	<u>112,542</u>
Total Deferred Inflows of Resources	<u>\$ 386,320</u>	<u>\$ 6,215,802</u>

\$1,240,850 reported as deferred outflows of resources related to pension resulting from the Electric System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
2024	\$	399,630
2025		945,961
2026		1,349,110
2027		<u>2,245,257</u>
Total	\$	<u>4,939,958</u>

Actuarial Assumptions. 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.

	<u>December 31, 2022</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2023, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Electric System's proportionate share of the net pension liability	\$ 24,084,823	\$ 16,078,320	\$ 9,418,390

8. DEFINED BENEFIT OPEB PLANS

The Electric System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

Ohio Revised Code limits the City's obligation for this liability to annual required payments. The Electric System cannot control benefit terms or the manner in which OPEB are financed; however, the Electric System 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 employer 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 system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$0 for 2023 and 2022.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB/(asset) liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Electric System's proportion of the net OPEB liability/(asset) was based on the Electric System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 352,559	\$ (1,891,521)
Proportion of the Net OPEB Liability/(Asset)	0.0559157%	0.0603904%
Change in Proportion	-0.0044747%	0.0002979%
OPEB Expense	\$ (624,643)	\$ (1,564,067)

At December 31, 2023 and 2022, the Electric System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 700,191	\$ -
Electric System change in proportionate share	-	13,336
Differences between expected and actual experience	<u>344,353</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 1,044,544</u>	<u>\$ 13,336</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 901,745
Changes in assumptions	28,334	765,667
Differences between expected and actual experience	<u>87,941</u>	<u>286,914</u>
Total Deferred Inflows of Resources	<u>\$ 116,275</u>	<u>\$ 1,954,326</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:		
2024	\$	115,605
2025		256,068
2026		218,343
2027		<u>338,253</u>
Total	\$	<u>928,269</u>

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Electric System’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the Electric System’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Electric System’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0 percentage point lower (4.22 percent) or 1.0 percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Electric System's proportionate share of the net OPEB liability/(asset)	\$ 1,199,036	\$ 352,559	\$ (346,413)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Electric System's proportionate share of the net OPEB liability	\$ 330,210	\$ 352,559	\$ 377,143

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Electric System’s contractually required contributions were \$12,136 in 2023 and \$17,977 in 2022.

At December 31, 2023, the number of plan-wide active participants and retirees were 620 and 596, respectively, and 607 and 676 at December 31, 2022, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2023. Following is information related to the changes in total OPEB liability:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability, beginning of year	\$ 250,551	\$ 336,373
Service cost	2,496	4,811
Interest	9,782	5,894
Difference between expected and actual experience	(21,192)	(1,700)
Changes in assumptions	(78,542)	(76,850)
Benefit payments	<u>(12,136)</u>	<u>(17,977)</u>
Total OPEB Liability, end of year	<u>\$ 150,959</u>	<u>\$ 250,551</u>
Retiree Life Insurance Plan OPEB expense	(\$21,525)	(\$7,911)

At December 31, 2023 and 2022, the Electric System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 9,674	\$ 22,362
Differences between expected and actual experience	<u>4,162</u>	<u>7,617</u>
Total Deferred Outflows of Resources	<u>\$ 13,836</u>	<u>\$ 29,979</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 123,019</u>	<u>\$ 61,095</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:		
2024	\$	(28,283)
2025		(33,835)
2026		(28,746)
2027		<u>(18,319)</u>
Total	\$	<u>(109,183)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:

Current measurement date	3.80 percent
Prior measurement date	4.00 percent

Actuarial Cost Method Entry Age Normal

Mortality Rates:

Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Electric System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 3.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.80 percent) and one-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$ 168,666	\$ 150,959	\$ 136,202

9. RELATED PARTY TRANSACTIONS

Under an arrangement with the City, the Electric System provides street lighting and traffic light services to the City, without charge and the estimated operating cost of supplying these free services was \$295,000 in 2023 and \$295,000 in 2022. The City’s Gas System provides gas to the Electric System for use in the generation of electricity. Gas costs of \$60,000 in 2023 and \$166,000 in 2022 paid to the Gas System are included in operating expenses. The Electric System sells electricity to the City’s Water and Wastewater Systems. Included in revenues are sales to the Water System and Wastewater System in 2023 of \$2,057,332 (\$1,367,325 and \$690,007) and \$2,015,109 (\$1,232,743 and \$782,366) in 2022. The Electric System is allocated from the City a portion of the City’s administrative cost. In addition, it was charged expenses by the City’s internal service funds, which provide services to various City departments. Total expenses for these items were approximately \$5,072,000 in 2023 and \$4,733,000 in 2022 and is included in operating expenses.

10. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Electric System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Electric System.

Asset Retirement Obligations. GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the recognition of a liability for an asset retirement obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonable estimable. AN ARO is incurred based on external laws, regulation, or contracts.

The Electric System licenses with the Federal Energy Regulatory Commission for the operation of the Greenup Hydroelectric Plant on the Ohio River and the City of Hamilton Hydroelectric Plant on the Great Miami River state that, upon retirement of the facility, the Commission may require the City to remove any or all structures, equipment, and power lines within the project boundary and take any such other action necessary to restore the project waters, lands, and facilities remaining. At this time, the Electric System has no plans of retiring these plants and therefore is unable to know what the Commission's requirements would be. Due to the lack of specific license requirements for the retiring of the hydroelectric plants, the Electric System has determined the amount of any asset retirement obligation liability cannot be reasonably estimated.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Electric System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Governmental Joint Ventures and Jointly Governed Organizations as described in GASB Statement No. 61, *The Financial Reporting Entity*. The following is a list of organizations and a brief description of the Joint Venture and the Jointly Governed Organizations pertaining specifically to the Electric System of the City.

(a) AMP, Inc. – The City is a founding member of American Municipal Power, Inc. (AMP). AMP is a non-profit corporation organized under Ohio law and Internal Revenue Code Section 501 and is a jointly governed organization. The organization operates on a non-profit basis for the mutual benefit of its member municipalities, all of whom own or operate a municipal electric system. The non-profit corporation is dedicated to providing member assistance and low-cost power supplies.

The controlling board of AMP, Inc. is based upon a representative from several of the member communities. The degree of control exercised by any participating government is limited to its representation on the board. The continued existence of the corporation is not dependent upon the City. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43229.

(b) American Municipal Power (AMP) – OMEGA JV2 Project – In December 2000, the City became a part of the OMEGA (Ohio Municipal Energy Generation Association) JV2 Project. The OMEGA JV2 project is a joint venture among the City of Hamilton and 35 other participating municipalities created under the auspices of the Ohio Constitution section XVIII, Sections 3 and 4 and Ohio Revised Code Section 715.02. All of the participating communities are members of AMP, Inc. and the joint venture has appointed that non-profit corporation to perform certain management functions.

The purpose of the joint venture is to create distributive generation among the participating members allowing for increased electric production capacity during peak demand. The degree of control exercised by any participating member is weighted in proportion to each participant's project share, which is 23.87 percent for the City (a non-majority voting position). Project share is equal to the amount of the distributive generation capacity for each of the members. Membership in the joint venture is defined as financing or non-financing participant, as well as owner or purchasing participant, for which the City qualified as a financing, purchasing participant. As a financing participant, the City makes payments to OMEGA JV2.

The continued existence of OMEGA JV2 is dependent upon the City's continued participation but the City, as a financing purchasing participant, does not have an equity interest in OMEGA JV2. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43219.

(c) Meldahl Hydroelectric Project – AMP constructed a three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "Meldahl Project"). Now that the Meldahl Project has entered commercial operation, it has a generating capacity of approximately 105 MW. The City of Hamilton and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license to operate the Meldahl Project.

The City of Hamilton has executed a take-or-pay power sales contract with AMP for a Project Share of 54 MW, or 51.4 percent, of capacity and associated energy from the Meldahl Project.

Pursuant to the various agreements between the City of Hamilton and AMP, the Meldahl Project is owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("Meldahl LLC"). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the Meldahl Board). AMP acting as agent of Meldahl LLC, has financed the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. The Meldahl Project entered commercial operation on April 12, 2016.

13. CONTRACTUAL COMMITMENTS

At December 31, 2023, the Electric System had contractual commitments of approximately \$2,192,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Electric System operations.

14. CLOSURE OF THE ELECTRIC SYSTEM TO COMPETITION

In March 2002, the Hamilton City Council adopted an ordinance effectively closing the municipal borders of the City to electric deregulation. With the adoption of the ordinance, electric customers within these corporate boundaries must purchase their electricity from the Hamilton Electric System.

15. CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Electric System's Proportion of the Net Pension Liability	Electric System's Proportionate Share of the Net Pension Liability	Electric System's Covered Payroll	Electric System'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	0.0568681%	\$ 6,707,570	\$ 6,440,385	104.15%	86.36%
2015	0.0568681%	6,858,924	6,999,658	97.99%	86.45%
2016	0.0516665%	8,949,281	6,614,758	135.29%	81.08%
2017	0.0533571%	12,116,488	6,743,650	179.67%	77.25%
2018	0.0561443%	8,807,947	7,559,592	116.51%	84.66%
2019	0.0594718%	16,288,107	7,568,371	215.21%	74.70%
2020	0.0605239%	11,962,955	8,376,079	142.82%	82.17%
2021	0.0587970%	8,706,562	8,629,079	100.90%	86.88%
2022	0.0589755%	5,131,104	8,424,186	60.91%	92.62%
2023	0.0544289%	16,078,320	8,604,614	186.86%	75.74%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 839,959	\$ (839,959)	\$ -	\$ 6,999,658	12.00%
2015	793,771	(793,771)	-	6,614,758	12.00%
2016	809,238	(809,238)	-	6,743,650	12.00%
2017	982,747	(982,747)	-	7,559,592	13.00%
2018	1,059,572	(1,059,572)	-	7,568,371	14.00%
2019	1,172,651	(1,172,651)	-	8,376,079	14.00%
2020	1,208,071	(1,208,071)	-	8,629,079	14.00%
2021	1,179,386	(1,179,386)	-	8,424,186	14.00%
2022	1,204,646	(1,204,646)	-	8,604,614	14.00%
2023	1,240,850	(1,240,850)	-	8,863,214	14.00%

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SEVEN MEASUREMENT PERIODS**

	Electric System's Proportion of the Net OPEB Liability/(Asset)	Electric System's Proportionate Share of the Net OPEB Liability/(Asset)	Electric System's Covered Payroll	Electric System'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	0.0532705%	\$ 5,380,506	\$ 6,743,650	79.79%	54.05%
2018	0.0568005%	6,168,113	7,559,592	81.59%	54.14%
2019	0.0602395%	7,853,807	7,568,371	103.77%	46.33%
2020	0.0615326%	8,499,247	8,376,079	101.47%	47.80%
2021	0.0600925%	(1,070,596)	8,629,079	(12.41%)	115.57%
2022	0.0603904%	(1,891,521)	8,424,186	(22.45%)	128.23%
2023	0.0559157%	352,559	8,604,614	4.10%	94.79%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST EIGHT YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 134,873	\$ (134,873)	\$ -	\$ 6,743,650	2.00%
2017	75,596	(75,596)	-	7,559,592	1.00%
2018	-	-	-	7,568,371	0.00%
2019	-	-	-	8,376,079	0.00%
2020	-	-	-	8,629,079	0.00%
2021	-	-	-	8,424,186	0.00%
2022	-	-	-	8,604,614	0.00%
2023	-	-	-	8,863,214	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	Electric System's Proportion Total OPEB Liability	Electric System's Covered- Employee Payroll	Electric System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 7,559,592	3.67%
2018	265,451	7,568,371	3.51%
2019	300,592	8,376,079	3.59%
2020	326,308	8,629,079	3.78%
2021	336,373	8,424,186	3.99%
2022	250,551	8,604,614	2.91%
2023	150,959	8,863,214	1.70%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SIX YEARS**

	2023	2022	2021	2020
Beginning Total OPEB Liability	\$ 250,551	\$ 336,373	\$ 326,308	\$ 300,592
Service Cost	2,496	4,811	4,488	3,676
Interest	9,782	5,894	6,348	8,028
Difference between expected and actual experience	(21,192)	(1,700)	7,812	4,383
Changes in assumptions	(78,542)	(76,850)	9,313	27,073
Benefit payments	(12,136)	(17,977)	(17,896)	(17,444)
Ending Total OPEB Liability	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>

	2019	2018
Beginning Total OPEB Liability	\$ 265,451	\$ 277,234
Service Cost	2,937	3,100
Interest	9,762	9,412
Difference between expected and actual experience	6,383	3,947
Changes in assumptions	33,317	(11,462)
Benefit payments	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2023.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement period:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

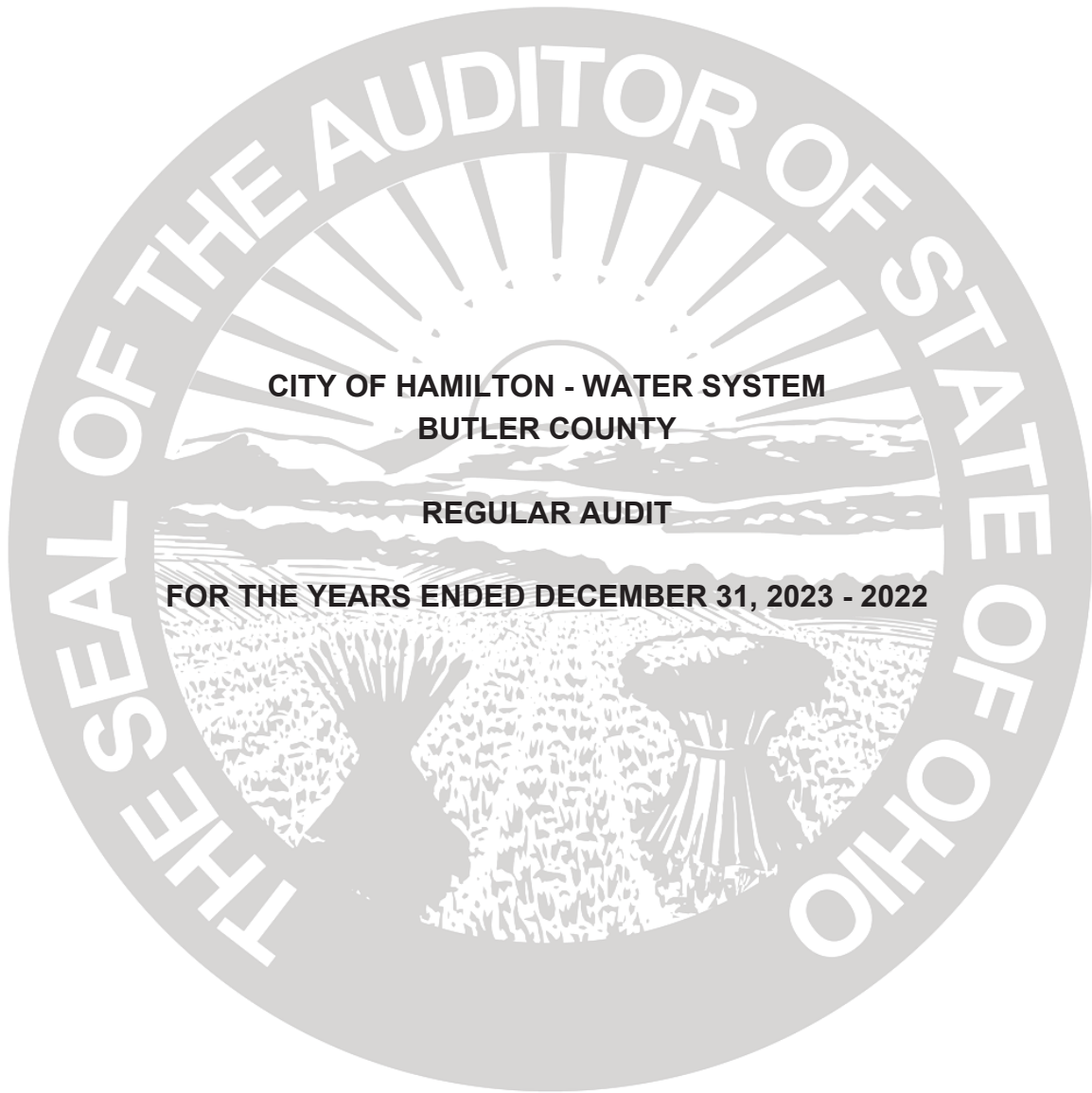
2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.



**CITY OF HAMILTON – WATER SYSTEM
BUTLER COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Hamilton - Water System, an enterprise fund of the City of Hamilton, Butler County, Ohio (the Water System), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Water System'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 financial position of the City of Hamilton – Water System, Butler County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Water System, 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 opinion.

Emphasis of Matter - Presentation

As described in Note 1, the financial statements present only the Water System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Water System as of and for the year ended December 31, 2022 from which the comparative information for December 31, 2022 was derived were audited by a predecessor auditor. An unmodified opinion was issued June 21, 2023 by the predecessor auditor.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Water System'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 opinion. 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 Water System'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 Water System'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.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

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City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Water System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2023 and 2022. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2023 and 2022 are as follows:

- ❑ The assets and deferred outflows of resources of the Hamilton Water System exceeded its liabilities and deferred inflows of resources at the close of 2023 and 2022 by \$69,594,816 and \$68,125,262 (net position), respectively. Of these amounts, \$4,255,832 and \$5,290,756 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position increased by \$1,469,554 between 2022 and 2023, representing a 2.2% increase.
- ❑ In 2023, the Water System's long-term debt decreased by a net of \$1,263,218, as the Water System continued to make debt service payments.

Water System Summary

The Water System is a fully integrated water supply, treatment, transmission and distribution system. Over the last decade, the City has implemented a number of improvements to the Water System, providing increased system capabilities and enhanced reliability. The System has two water treatment facilities and two well fields that draw water from the Great Miami Buried Valley Aquifer. The transmission and distribution system consists of more than 300 miles of various size main piping, storage facilities and pumping stations.

The Water System currently provides water service to approximately 24,430 customers who represent a diverse mixture of residential, as well as small and large commercial and industrial customers. The City Water Service Area is comprised of virtually all customers within the City's corporate boundaries and a small number of customers in some areas in the immediate surrounding environs. Butler County is the largest customer of the Water System and for the last several years has accounted for in excess of fifty percent of the Water System's sales. The Water System provides water service to an area within the City limits and areas in the immediate surrounding environs. No water utility other than the Water System can serve new customers in the City without a franchise, and, under the City Charter, only the City Council has the authority to grant utility franchises. City Council has not granted any franchises.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Water System for the years ended December 31, 2023 and 2022.

Reporting Hamilton's Water System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Water System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Water System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2023 and 2022. The City of Hamilton's Water System is reported as a business-type, proprietary, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Water Fund are restricted to Water System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Water Fund and asks the question, "How did we do financially during 2023 and 2022?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the change in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Water System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Water System charges fees to recoup the cost of the entire operation of the Water System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Water Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,594,816, \$68,125,262, and \$67,243,602 as of December 31, 2023, 2022, and 2021, respectively. By far, the largest portion of the net position of the Water System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 92% for 2023, 90% for 2022, and 91% for 2021. The System employs these assets in the treatment and distribution of water to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities. Table 1 provides a summary of the Water System's Statement of Net Position for the Years Ended December 31, 2023 and 2022, and 2021.

	2023	2022	2021
Current and other assets	\$ 25,806,664	\$ 12,338,179	\$ 12,569,271
Capital assets	97,966,499	96,931,036	99,151,553
Total assets	<u>123,773,163</u>	<u>109,269,215</u>	<u>111,720,824</u>
Deferred outflows of resources	2,957,276	1,187,093	1,062,603
Long-term liabilities:			
Net pension liability	5,375,273	1,648,494	2,755,716
OPEB liabilities	268,822	250,551	336,373
Other long-term amounts	33,390,554	34,802,005	36,218,220
Other liabilities	17,809,932	2,944,047	3,291,702
Total liabilities	<u>56,844,581</u>	<u>39,645,097</u>	<u>42,602,011</u>
Deferred inflows of resources	291,042	2,685,949	2,226,203
Net investment in capital assets	63,811,281	61,316,554	61,703,005
Restricted	1,527,703	1,517,952	1,513,275
Unrestricted	4,255,832	5,290,756	4,738,933
Total net position	<u>\$ 69,594,816</u>	<u>\$ 68,125,262</u>	<u>\$ 67,955,213</u>

The net pension liability (NPL) is reported by the Water System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Water System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Water System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Water System's financial statements as a result of the Water System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Water System's financial statements reflects OPEB benefits provided by the Water System through a Retiree Life Insurance plan. See Note 9 for more information on this plan.

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 liability/(asset) to equal the Water System'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 Water System 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

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

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

The Water System reported an increase in net position of \$1,469,554, \$170,049 and \$711,611 in 2023, 2022, and 2021 respectively. The Water System reported an operating loss of \$1,023,818 in 2023, and operating income of \$717,309 and \$1,833,478 in 2022 and 2021, respectively. The increase in water revenue was the result of a five-year rate increase plan. Step two of the plan was implemented in January 2023, resulting in an 8% increase in rates. The decrease in operating income was a direct result of increases in the net pension and OPEB liabilities. Net non-operating expenses of \$570,813 decreased by \$811,447 from 2022 primarily due to increased unrealized gains on investments and decreases in loss on disposal of capital assets.

Statement of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 16,114,463	\$ 14,959,968	\$ 14,301,554
Operating expenses:			
Depreciation	3,539,798	3,390,283	3,390,293
Other operating expenses	13,598,483	10,852,376	9,077,783
Total operating expenses	<u>17,138,281</u>	<u>14,242,659</u>	<u>12,468,076</u>
Operating income (loss)	(1,023,818)	717,309	1,833,478
Non-Operating revenues (expenses)			
Interest and fiscal charges	(860,275)	(1,017,154)	(1,048,026)
Loss on disposal of capital assets	(16,240)	(245,129)	(24,148)
Other non-operating expenses	305,702	(119,977)	(49,693)
Total non-operating revenues (expenses)	<u>(570,813)</u>	<u>(1,382,260)</u>	<u>(1,121,867)</u>
Transfers	807,800	835,000	-
Change in net position	1,469,554	170,049	711,611
Beginning net position	68,125,262	67,955,213	67,243,602
Ending net position	<u>\$ 69,594,816</u>	<u>\$ 68,125,262</u>	<u>\$ 67,955,213</u>

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Water System as of December 31, 2023, 2022, and 2021 amounted to \$63.8 million, \$61.3 million, and \$61.7 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Water System asset activity during 2023 and 2022.

Debt Administration: At the end of 2023, the Water System had five outstanding long-term revenue bond issues totaling \$25,255,000.

The Water System issued \$15,000,000 in notes for water improvements.

See Notes 6 and 7 for a discussion of outstanding Water System bonds, notes and related activity.

Economic Factors and Future Trends

The City's Water System is continually monitoring its costs and seeking ways to maintain its rates. However, the cost of providing water continues to escalate with rising chemical costs and environmental regulation. These costs are required by both ordinance and indentures to be passed along to its customers. The number of customers has remained steady, but per capita usage is dropping. In 2022, the City adopted a five-year cost of service rate plan to be implemented annually from 2023 through 2027.

The annual budget of the City Water System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated in the spring and fall of each year, or more often as deemed necessary by City Management.

While the transmission and distribution system has been well-maintained, the age of the infrastructure has led to increases in the number of water main breaks and leaks over the last decade or so. For example, the average water main age in the City is approximately seventy years. In 2010, City Council adopted an ordinance which created the Water Main Replacement Program Rider (WMRPR). The WMRPR program is designed to renew and replace the City's water mains based upon an average 75-year useful life. Debt was issued approximately every three years to provide funding for the program until 2020. At that time, the Rider fully funded the WMRPR. All funds collected through the WMRPR were dedicated to meeting the capital expense and debt service requirements of the Water Main Replacement Program. Beginning with rates adopted in 2014, all water main replacement costs were collected in the base water service rates to more accurately reflect the cost of service. Furthermore, the WMRPR was set to zero at the time of the first step of the five-year rate plan in 2015. Beginning in 2020, water main replacements were being funded by a combination of OPWC loans and current year revenues.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

While the U.S. EPA establishes water quality and testing guidelines, the Ohio EPA enforces these guidelines, by using Primary and Secondary Drinking Water Standards. The Primary Drinking Water Standards focus on health concerns, by placing restrictions on water content of certain chemicals, such as lead, arsenic, mercury, fluoride and nitrates. Secondary Drinking Water Standards focus on the aesthetic quality of water, such as color, odor, iron and pH. Based on its tests and monitoring program, the City is currently in compliance with all U.S. EPA and Ohio EPA requirements. The City's treated water meets or exceeds applicable standards and is generally regarded as high quality, which is confirmed by consumer surveys. To further support this label of "high quality," the City of Hamilton won the award of "Best of the Best" in the National Section of the American Water Works Association Water Tasting Contest in 2018 and again in 2019 for the Ohio Section. Furthermore, the City's water won "The World's Best Tasting Tap Water" at the Berkeley Springs competition in 2015 and received a bronze medal in 2017. Most recently, the Water System won third place in 2020 and second place in 2022 for the best purified drinking water category and fifth place in 2022 for the best municipal water at the Berkeley Springs competition.

The City maintains an Aa3 bond rating with a stable outlook for its Water System.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Water System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

**CITY OF HAMILTON, OHIO – WATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and investments	\$ 21,542,601	7,558,178
Accounts receivable (less allowance for uncollectible accounts of \$354,086 and \$365,989, respectively)	2,135,694	2,075,659
Interest receivable	20,864	20,821
Inventory of supplies at cost	405,478	404,070
Prepaid expenses	174,324	153,798
Total current assets	<u>24,278,961</u>	<u>10,212,526</u>
Restricted assets:		
Cash and investments	<u>1,527,703</u>	<u>1,517,952</u>
Noncurrent assets:		
Net OPEB asset	-	607,701
Nondepreciable capital assets	8,901,231	9,068,165
Depreciable capital assets, net	<u>89,065,268</u>	<u>87,862,871</u>
Total noncurrent assets	<u>97,966,499</u>	<u>97,538,737</u>
Total assets	<u>123,773,163</u>	<u>109,269,215</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	399,238	431,403
Pension	2,194,993	721,491
OPEB	<u>363,045</u>	<u>34,199</u>
Total deferred outflows of resources	<u>2,957,276</u>	<u>1,187,093</u>
LIABILITIES		
Current liabilities:		
Accounts payable	508,115	654,373
Accrued wages and benefits	130,521	180,665
Intergovernmental payable	60,023	54,301
Accrued interest payable	233,511	237,579
Customer deposits payable	227,836	241,870
Compensated absences payable-current	351,122	312,041
General obligation notes payable	15,000,000	-
OWDA loans payable - current portion	44,397	43,811
OPWC loans payable - current portion	249,407	249,407
Revenue bonds payable - current portion	<u>1,005,000</u>	<u>970,000</u>
Total current liabilities	<u>17,809,932</u>	<u>2,944,047</u>
Non-current liabilities:		
Compensated absences payable	269,913	254,114
OWDA loans payable	634,049	678,446
OPWC loans payable	6,488,266	6,737,673
Revenue bonds payable	25,998,326	27,131,772
Net pension liability	5,375,273	1,648,494
Net OPEB liability	117,863	-
Total OPEB liability	<u>150,959</u>	<u>250,551</u>
Total noncurrent liabilities	<u>39,034,649</u>	<u>36,701,050</u>
Total liabilities	<u>56,844,581</u>	<u>39,645,097</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	129,150	1,996,978
OPEB	<u>161,892</u>	<u>688,971</u>
Total deferred inflows of resources	<u>291,042</u>	<u>2,685,949</u>
NET POSITION		
Net investment in capital assets	63,811,281	61,316,554
Restricted for debt service	527,703	517,952
Restricted for rate stabilization	1,000,000	1,000,000
Unrestricted	<u>4,255,832</u>	<u>5,290,756</u>
Total net position	<u>\$ 69,594,816</u>	<u>68,125,262</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services	\$ 15,801,960	14,757,186
Other operating revenues	<u>312,503</u>	<u>202,782</u>
Total operating revenues	<u>16,114,463</u>	<u>14,959,968</u>
Operating expenses:		
Personal services	4,625,676	2,898,931
Materials and supplies	1,964,991	1,771,484
Contractual services	3,895,597	3,062,614
Depreciation	3,539,798	3,390,283
Other operating expenses	<u>3,112,219</u>	<u>3,119,347</u>
Total operating expenses	<u>17,138,281</u>	<u>14,242,659</u>
Operating income (loss)	(1,023,818)	717,309
Non-operating revenues (expenses):		
Investment earnings	305,702	(119,977)
Loss on disposal of capital assets	(16,240)	(245,129)
Interest and fiscal charges	<u>(860,275)</u>	<u>(1,017,154)</u>
Total non-operating revenues (expenses)	<u>(570,813)</u>	<u>(1,382,260)</u>
Loss before transfers and captial contributions	(1,594,631)	(664,951)
Captial contributions	2,256,385	-
Transfers in	<u>807,800</u>	<u>835,000</u>
Change in net position	1,469,554	170,049
Net position - beginning of year	<u>68,125,262</u>	<u>67,955,213</u>
Net position - end of year	\$ <u>69,594,816</u>	<u>68,125,262</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,054,428	14,487,317
Cash paid for employee services and benefits	(4,460,182)	(4,006,501)
Cash paid to suppliers for goods and services	<u>(9,081,633)</u>	<u>(8,058,059)</u>
Net cash from operating activities	<u>2,512,613</u>	<u>2,422,757</u>
Cash Flows from noncapital financing activities:		
Transfers in from other funds	<u>807,800</u>	<u>835,000</u>
Cash flows from capital and related financing activities:		
Payment for capital acquisitions	(2,408,056)	(1,971,857)
Note issuance	15,000,000	-
Premium on debt issuance	126,000	-
Revenue bond principal retirement	(970,000)	(945,000)
OWDA loan principal retirement	(43,811)	(43,235)
OPWC loan proceeds	-	22,134
OPWC loan principal retirement	(249,407)	(214,052)
Debt interest payments	<u>(1,086,624)</u>	<u>(1,120,874)</u>
Net cash from capital and related financing activities	<u>10,368,102</u>	<u>(4,272,884)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>305,659</u>	<u>(130,398)</u>
Net change in cash and cash equivalents	13,994,174	(1,145,525)
Cash and cash equivalents at beginning of year	<u>9,076,130</u>	<u>10,221,655</u>
Cash and cash equivalents at end of year	<u>\$ 23,070,304</u>	<u>9,076,130</u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ (1,023,818)	717,309
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	3,539,798	3,390,283
Change in deferred outflows-pension and OPEB	(1,802,348)	(156,655)
Change in deferred inflows-pension and OPEB	(2,394,907)	459,746
Changes in assets and liabilities:		
(Increase) decrease in receivables	(60,035)	(472,651)
(Increase) decrease in inventory	(1,408)	(111,367)
(Increase) decrease in prepaid items	(20,526)	(51,150)
Increase (decrease) in customer deposits payable	(14,034)	(21,374)
Increase (decrease) in payables	(73,318)	79,846
Increase (decrease) in accrued liabilities	4,736	49,132
Increase (decrease) in intergovernmental payables	5,722	1,526
(Increase) decrease in net OPEB asset	607,701	(268,844)
Increase (decrease) in net pension liability	3,726,779	(1,107,222)
Increase (decrease) in net OPEB liability	117,863	-
Increase (decrease) in total OPEB liability	<u>(99,592)</u>	<u>(85,822)</u>
Net cash from operating activities	<u>\$ 2,512,613</u>	<u>2,422,757</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>135,011</u>	<u>235,446</u>
Contributed capital from wastewater fund and governmental funds	\$ <u>3,064,185</u>	<u>-</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Water System (Water System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Water System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Water System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Water System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Water System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Water System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond discounts were \$639 during 2023 and 2022, respectively, and amortization of bond premiums were \$129,085 during 2023 and 2022, respectively.

Compensated Absences - The Water System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Water System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Water System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 8 and 9.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Water System, deferred inflows of resources include pension/OPEB (see Notes 8 and 9).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Water System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Water System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Water System totaled \$22,542,601 at December 31, 2023 and \$8,558,178 at December 31, 2022 and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$527,703 and \$517,952 at December 31, 2023 and 2022, respectively.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 does not have a custodial risk policy. As of December 31, 2023 and 2022, approximately 92% and 93%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Water System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Water System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Water Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments 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 possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Water System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.99 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Earned and unbilled consumer accounts	\$ 1,145,282	1,024,710
Earned and billed consumer accounts	1,324,558	1,401,632
Other	19,940	15,306
Less allowance for uncollectible accounts	<u>(354,086)</u>	<u>(365,989)</u>
Total	<u>\$ 2,135,694</u>	<u>2,075,659</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$1,527,703 and \$1,517,952 at December 31, 2023 and 2022, respectively.

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5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	6,581,059	422,380	(589,314)	6,414,125
Subtotal	<u>9,068,165</u>	<u>422,380</u>	<u>(589,314)</u>	<u>8,901,231</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	26,418,649	367,711	-	26,786,360
Machinery and equipment	142,444,977	4,390,724	(138,974)	146,696,727
Subtotal	<u>168,863,626</u>	<u>4,758,435</u>	<u>(138,974)</u>	<u>173,483,087</u>
Totals at historical cost	<u>177,931,791</u>	<u>5,180,815</u>	<u>(728,288)</u>	<u>182,384,318</u>
Less accumulated depreciation:				
Buildings and improvements	20,704,629	752,417	-	21,457,046
Machinery and equipment	60,296,126	2,787,381	(122,734)	62,960,773
Total accumulated depreciation	<u>81,000,755</u>	<u>3,539,798</u>	<u>(122,734)</u>	<u>84,417,819</u>
Capital assets, net	<u>\$ 96,931,036</u>	<u>\$ 1,641,017</u>	<u>\$ (605,554)</u>	<u>\$ 97,966,499</u>

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	10,743,118	129,765	(4,291,824)	6,581,059
Subtotal	<u>13,230,224</u>	<u>129,765</u>	<u>(4,291,824)</u>	<u>9,068,165</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,475,323	943,326	-	26,418,649
Machinery and equipment	138,413,061	4,633,628	(601,712)	142,444,977
Subtotal	<u>163,888,384</u>	<u>5,576,954</u>	<u>(601,712)</u>	<u>168,863,626</u>
Totals at historical cost	<u>177,118,608</u>	<u>5,706,719</u>	<u>(4,893,536)</u>	<u>177,931,791</u>
Less accumulated depreciation:				
Buildings and improvements	20,009,913	694,716	-	20,704,629
Machinery and equipment	57,957,142	2,695,567	(356,583)	60,296,126
Total accumulated depreciation	<u>77,967,055</u>	<u>3,390,283</u>	<u>(356,583)</u>	<u>81,000,755</u>
Capital assets, net	<u>\$ 99,151,553</u>	<u>\$ 2,316,436</u>	<u>\$ (4,536,953)</u>	<u>\$ 96,931,036</u>

6. NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The Water System issued notes payable of \$15,000,000 in 2023 which bear interest at 4.5% and mature on December 18, 2024.

	Balance 1/1/23	-	Additions	-	Reductions	-	Balance 12/31/23
4.50% Water Improvements	\$	-	\$ 15,000,000	\$	-	\$	15,000,000

7. LONG TERM DEBT

In September 2015, the Water System issued \$11,700,000 of water revenue refunding bonds to refund Series 2002 mortgage revenue bonds. The Series 2015 bonds fully mature in 2044 and bear interest of 4.4 to 5.25 percent per annum.

In 2016, the Water System entered into a direct borrowing agreement with Ohio Water Development Authority (OWDA), as administrator for the U.S. Environmental Protection Agency (EPA), for the Water System to receive a loan for a water main replacement at River Road. The interest rate on the loan is 1.33 percent per annum. As of December 31, 2023, the outstanding balance of the loan is \$678,446.

In 2016, the Water System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for a water main replacement at Pershing Avenue with a 0 percent interest rate. This loan is payable from water utility charges. As of December 31, 2023, the outstanding balance of the loan is \$612,452.

In 2016, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Arlington Avenue at an interest rate of 0 percent. This loan is received by the Water System in increments as the project is completed. As of December 31, 2023, the outstanding balance of the loan is \$521,853.

In 2017, the Water System obtained financing through OPWC direct borrowing for a water main replacement at State Route 4 at an interest of 0 percent. This loan is payable from water utility charges. As of December 31, 2023, the outstanding balance of the loan is \$365,094.

In April 2018, the Water System currently refunded the 2017 Notes through the issuance of \$5,625,000 of Series 2018 Water System Refunding Revenue Bonds. These bonds fully mature in 2029 and bear interest of 4.0 percent per annum.

In August 2018, the Water System issued \$2,965,000 of Series 2018 Water System Revenue Bonds to fund water main replacements and other necessary improvements. These bonds fully mature in 2048 and bear interest between 3.0 to 4.0 percent per annum.

In 2018, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Southern Hills at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2023, the outstanding balance of the loan is \$1,601,819.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main loop project at the Bilstein plant at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2023, the outstanding balance of the loan is \$210,252.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main replacement at North Third Street an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2023, the outstanding balance of the loan is \$1,410,933.

In November 2019, the Water System defeased \$8,915,000 of the Series 2009B Taxable Water System Build America Revenue Bonds through the issuance of \$8,075,000 of Water System Mortgage Revenue Refunding Bonds. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in November 2019, the Water System issued \$1,800,000 of Series 2019 Water System Mortgage Revenue Bonds for water main replacements and other necessary improvements. These bonds fully mature in 2049 and bear interest between 3.0 to 4.0 percent annum.

In 2020, the Water System obtained financing through OPWC direct borrowing for a water main replacement in the Highland Park area at an interest rate of 0 percent. This loan is received in increments as the project progresses. As of December 31, 2023, the outstanding balance of the loan is \$2,015,270.

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Debt activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
Series 2015 Refunding Bonds	\$ 9,655,000	\$ -	\$ (325,000)	\$ 9,330,000	\$ 335,000
Series 2018 Refunding Bonds	4,155,000	-	(525,000)	3,630,000	545,000
Series 2018 Revenue Bonds	2,730,000	-	(65,000)	2,665,000	65,000
Series 2019 Refunding Bonds	7,985,000	-	(20,000)	7,965,000	20,000
Series 2019 Revenue Bonds	1,700,000	-	(35,000)	1,665,000	40,000
Less deferred amount:					
for issuance premiums	1,894,036	-	(129,085)	1,764,951	-
for issuance discounts	(17,264)	-	639	(16,625)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	722,257	-	(43,811)	678,446	44,397
OPWC Loan- Pershing Ave	637,450	-	(24,998)	612,452	24,998
OPWC Loan-Arlington Ave	541,546	-	(19,693)	521,853	19,693
OPWC Loan-SR 4	379,412	-	(14,318)	365,094	14,318
OPWC Loan-Southern Hills	1,662,265	-	(60,446)	1,601,819	60,446
OPWC Loan-Bilstein Loop	218,186	-	(7,934)	210,252	7,934
OPWC Loan-N. Third Street	1,462,240	-	(51,307)	1,410,933	51,307
OPWC Loan-Highland Park	2,085,981	-	(70,711)	2,015,270	70,711
Compensated absences	566,155	366,921	(312,041)	621,035	351,122
	<u>\$ 36,377,264</u>	<u>\$ 366,921</u>	<u>\$ (1,703,705)</u>	<u>\$ 35,040,480</u>	<u>\$ 1,649,926</u>

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2015 Refunding Bonds	\$ 9,975,000	\$ -	\$ (320,000)	\$ 9,655,000	\$ 325,000
Series 2018 Refunding Bonds	4,665,000	-	(510,000)	4,155,000	525,000
Series 2018 Revenue Bonds	2,790,000	-	(60,000)	2,730,000	65,000
Series 2019 Refunding Bonds	8,005,000	-	(20,000)	7,985,000	20,000
Series 2019 Revenue Bonds	1,735,000	-	(35,000)	1,700,000	35,000
Less deferred amount:					
for issuance premiums	2,023,121	-	(129,085)	1,894,036	-
for issuance discounts	(17,903)	-	639	(17,264)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	765,492	-	(43,235)	722,257	43,811
OPWC Loan- Pershing Ave	662,448	-	(24,998)	637,450	24,998
OPWC Loan-Arlington Ave	561,239	-	(19,693)	541,546	19,693
OPWC Loan-SR 4	393,730	-	(14,318)	379,412	14,318
OPWC Loan-Southern Hills	1,722,711	-	(60,446)	1,662,265	60,446
OPWC Loan-Bilstein Loop	226,120	-	(7,934)	218,186	7,934
OPWC Loan-N. Third Street	1,513,547	-	(51,307)	1,462,240	51,307
OPWC Loan-Highland Park	2,099,203	22,134	(35,356)	2,085,981	70,711
Compensated absences	553,629	300,712	(288,186)	566,155	312,041
	<u>\$ 37,673,337</u>	<u>\$ 322,846</u>	<u>\$ (1,618,919)</u>	<u>\$ 36,377,264</u>	<u>\$ 1,575,259</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of revenue bonds at December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,005,000	\$ 1,039,950	\$ 2,044,950
2025	1,050,000	1,002,263	2,052,263
2026	1,095,000	962,850	2,057,850
2027	1,130,000	919,950	2,049,950
2028	1,175,000	875,219	2,050,219
2029-2033	6,070,000	3,617,638	9,687,638
2034-2038	7,145,000	2,252,994	9,397,994
2039-2043	4,695,000	844,120	5,539,120
2044-2048	1,795,000	164,026	1,959,026
2049	95,000	2,850	97,850
Total	<u>\$ 25,255,000</u>	<u>\$ 11,681,860</u>	<u>\$ 36,936,860</u>

Maturities of the completed direct borrowing OWDA and OPWC loans as of December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 293,804	\$ 8,876	\$ 302,680
2025	294,397	8,284	302,681
2026	294,997	7,683	302,680
2027	295,605	7,075	302,680
2028	296,222	6,459	302,681
2029-2033	1,490,648	22,754	1,513,402
2034-2038	1,453,887	6,238	1,460,125
2039-2043	1,247,028	-	1,247,028
2044-2048	1,234,527	-	1,234,527
2049-2051	515,004	-	515,004
Total	<u>\$ 7,416,119</u>	<u>\$ 67,369</u>	<u>\$ 7,483,488</u>

8. DEFINED BENEFIT PENSION PLANS

The Water System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pension is 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 Water System’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 Water System’s obligation for this liability to annually required payments. The Water System cannot control benefit terms or the manner in which pensions are financed; however, the Water System does receive the benefit of employees’ services in exchange for compensation including pension.

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2023 and 2022 as follows:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$414,839 and \$387,022 for 2023 and 2022, respectively. Of this amount, \$18,023 was reported as an intergovernmental payable in 2023 and \$17,281 in 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water System's proportion of the net pension liability was based on the Water System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net Pension Liability	\$ 5,375,273	\$ 1,648,494
Proportion of the Net Pension Liability	0.0181966%	0.0189473%
Change in Proportion	-0.0007507%	0.0003374%
Pension Expense	\$ 744,857	\$ (256,869)

At December 31, 2023 and 2022, the Water System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,532,122	\$ -
Water System change in proportionate share	12,702	44,288
Changes in assumptions	56,786	206,143
Differences between expected and actual experience	178,544	84,038
Water System contributions subsequent to the measurement date	414,839	387,022
Total Deferred Outflows of Resources	<u>\$ 2,194,993</u>	<u>\$ 721,491</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,960,824
Water System change in proportionate share	129,150	-
Differences between expected and actual experience	-	36,154
Total Deferred Inflows of Resources	<u>\$ 129,150</u>	<u>\$ 1,996,978</u>

\$414,839 reported as deferred outflows of resources related to pension resulting from the Water System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$ 133,562
2025	316,153
2026	450,892
2027	<u>750,397</u>
Total	<u>\$ 1,651,004</u>

Actuarial Assumptions. 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.

	<u>December 31, 2022</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2023, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Water System's proportionate share of the net pension liability	\$ 8,051,992	\$ 5,375,273	\$ 3,148,738

9. DEFINED BENEFIT OPEB PLANS

The Water System contributes to the Ohio Public Employees Retirement System and the City’s Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

Ohio Revised Code limits the City’s obligation for this liability to annual required payments. The Water System cannot control benefit terms or the manner in which OPEB are financed; however, the Water System 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 employer 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 system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$0 for 2023 and 2022.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Water System’s proportion of the net OPEB liability/(asset) was based on the Water System’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 117,863	\$ (607,701)
Proportion of the Net OPEB Liability/(Asset)	0.0186930%	0.0194020%
Change in Proportion	-0.0007090%	0.0003820%
OPEB Expense	\$ (208,830)	\$ (502,495)

At December 31, 2023 and 2022, the Water System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 234,087	\$ -
Water System change in proportionate share	-	4,220
Changes in assumptions	<u>115,122</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 349,209</u>	<u>\$ 4,220</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 289,708
Changes in assumptions	9,473	245,990
Differences between expected and actual experience	<u>29,400</u>	<u>92,178</u>
Total Deferred Inflows of Resources	<u>\$ 38,873</u>	<u>\$ 627,876</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	\$ 38,649
2025	85,608
2026	72,996
2027	<u>113,083</u>
Total	<u>\$ 310,336</u>

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Water System’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the Water System’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Water System’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0 percentage point lower (4.22 percent) or 1.0 percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Water System's proportionate share of the net OPEB liability/(asset)	\$ 400,846	\$ 117,863	\$ (115,808)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Water System's proportionate share of the net OPEB liability	\$ 110,391	\$ 117,863	\$ 126,082

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Water System’s contractually required contributions were \$12,136 for 2023 and \$17,977 for 2022.

At December 31, 2023, the number of plan-wide active participants and retirees were 620 and 596, respectively, and 607 and 676 at December 31, 2022, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2023. Following is information related to the changes in total OPEB liability:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability, beginning of year	\$ 250,551	\$ 336,373
Service cost	2,496	4,811
Interest	9,782	5,894
Difference between expected and actual experience	(21,192)	(1,700)
Changes in assumptions	(78,542)	(76,850)
Benefit payments	<u>(12,136)</u>	<u>(17,977)</u>
Total OPEB Liability, end of year	<u>\$ 150,959</u>	<u>\$ 250,551</u>
Retiree Life Insurance Plan OPEB expense	(\$21,525)	(\$7,911)

At December 31, 2023 and 2022, the Water System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 9,674	\$ 22,362
Differences between expected and actual experience	<u>4,162</u>	<u>7,617</u>
Total Deferred Outflows of Resources	<u>\$ 13,836</u>	<u>\$ 29,979</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 123,019</u>	<u>\$ 61,095</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:		
2024	\$	(28,283)
2025		(33,835)
2026		(28,746)
2027		<u>(18,319)</u>
Total	\$	<u>(109,183)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:	
Current measurement date	3.80 percent
Prior measurement date	4.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Water System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 3.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.80 percent) and one-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$ 168,666	\$ 150,959	\$ 136,202

10. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City involving the Water System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Water System.

11. RELATED PARTY TRANSACTIONS

The Water System purchases electricity from the City’s Electric System. Purchases of \$1,367,325 and \$1,232,743 from the Electric System are included in operating expenses in 2023 and 2022, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Water System for these services were approximately \$3,529,000 and \$3,279,000 in 2023 and 2022, respectively, and are included in operating expenses.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Water System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

13. CONTRACTUAL COMMITMENTS

At December 31, 2023, the Water System had contractual commitments in the amounts of approximately \$3,108,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Water System operations.

14. CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Water System's Proportion of the Net Pension Liability	Water System's Proportionate Share of the Net Pension Liability	Water System's Covered Payroll	Water System'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	0.0167181%	\$ 1,988,353	\$ 2,168,223	91.70%	86.36%
2015	0.0167181%	2,016,384	2,074,942	97.18%	86.45%
2016	0.0143774%	2,490,354	1,811,517	137.47%	81.08%
2017	0.0150846%	3,425,456	1,876,583	182.54%	77.25%
2018	0.0163838%	2,570,300	2,137,177	120.27%	84.66%
2019	0.0163025%	4,464,933	2,208,571	202.16%	74.70%
2020	0.0184476%	3,646,293	2,296,071	158.81%	82.17%
2021	0.0186099%	2,755,716	2,630,129	104.77%	86.88%
2022	0.0189473%	1,648,494	2,666,343	61.83%	92.62%
2023	0.0181966%	5,375,273	2,764,443	194.44%	75.74%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 248,993	\$ (248,993)	\$ -	\$ 2,074,942	12.00%
2015	217,382	(217,382)	-	1,811,517	12.00%
2016	225,190	(225,190)	-	1,876,583	12.00%
2017	277,833	(277,833)	-	2,137,177	13.00%
2018	309,200	(309,200)	-	2,208,571	14.00%
2019	321,450	(321,450)	-	2,296,071	14.00%
2020	368,218	(368,218)	-	2,630,129	14.00%
2021	373,288	(373,288)	-	2,666,343	14.00%
2022	387,022	(387,022)	-	2,764,443	14.00%
2023	414,839	(414,839)	-	2,963,136	14.00%

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SEVEN MEASUREMENT PERIODS**

	Water System's Proportion of the Net OPEB Liability/(Asset)	Water System's Proportionate Share of the Net OPEB Liability/(Asset)	Water System's Covered Payroll	Water System'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	0.0155452%	\$ 1,570,118	\$ 1,876,583	83.67%	54.05%
2018	0.0165753%	1,799,953	2,137,177	84.22%	54.14%
2019	0.0165130%	2,152,902	2,208,571	97.48%	46.33%
2020	0.0187550%	2,590,559	2,296,071	112.83%	47.80%
2021	0.0190200%	(338,857)	2,630,129	(12.88%)	115.57%
2022	0.0194020%	(607,701)	2,666,343	(22.79%)	128.23%
2023	0.0186930%	117,863	2,764,443	4.26%	94.79%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST EIGHT YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 37,532	\$ (37,532)	\$ -	\$ 1,876,583	2.00%
2017	21,372	(21,372)	-	2,137,177	1.00%
2018	-	-	-	2,208,571	0.00%
2019	-	-	-	2,296,071	0.00%
2020	-	-	-	2,630,129	0.00%
2021	-	-	-	2,666,343	0.00%
2022	-	-	-	2,764,443	0.00%
2023	-	-	-	2,963,136	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	Water System's Proportion Total OPEB Liability	Water System's Covered- Employee Payroll	Water System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 2,137,177	12.97%
2018	265,451	2,208,571	12.02%
2019	300,592	2,296,071	13.09%
2020	326,308	2,630,129	12.41%
2021	336,373	2,666,343	12.62%
2022	250,551	2,764,443	9.06%
2023	150,959	2,963,136	5.09%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SIX YEARS**

	2023	2022	2021	2020
Beginning Total OPEB Liability	\$ 250,551	\$ 336,373	\$ 326,308	\$ 300,592
Service Cost	2,496	4,811	4,488	3,676
Interest	9,782	5,894	6,348	8,028
Difference between expected and actual experience	(21,192)	(1,700)	7,812	4,383
Changes in assumptions	(78,542)	(76,850)	9,313	27,073
Benefit payments	(12,136)	(17,977)	(17,896)	(17,444)
Ending Total OPEB Liability	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>
	2019	2018		
Beginning Total OPEB Liability	\$ 265,451	\$ 277,234		
Service Cost	2,937	3,100		
Interest	9,762	9,412		
Difference between expected and actual experience	6,383	3,947		
Changes in assumptions	33,317	(11,462)		
Benefit payments	(17,258)	(16,780)		
Ending Total OPEB Liability	<u>\$ 300,592</u>	<u>\$ 265,451</u>		

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2023.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement period:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

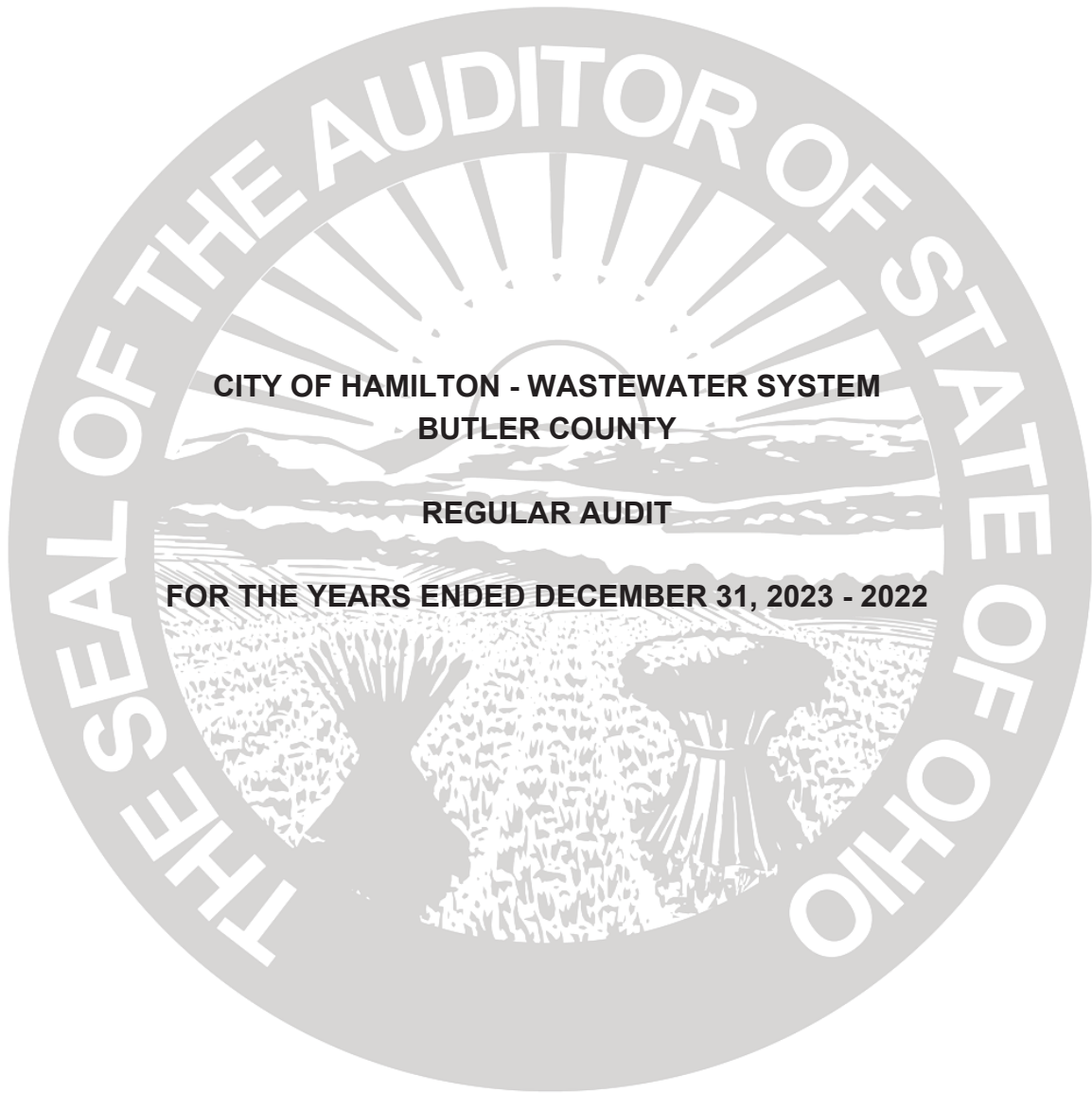
2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.



**CITY OF HAMILTON - WASTEWATER SYSTEM
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022

**OHIO AUDITOR OF STATE
KEITH FABER**



**CITY OF HAMILTON – WASTEWATER SYSTEM
BUTLER COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

City of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Hamilton - Wastewater System, an enterprise fund of the City of Hamilton, Butler County, Ohio (the Wastewater System), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Wastewater System'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 financial position of the City of Hamilton – Wastewater System, Butler County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Wastewater System, 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 opinion.

Emphasis of Matter - Presentation

As described in Note 1, the financial statements present only the Wastewater System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Wastewater System as of and for the year ended December 31, 2022 from which the comparative information for December 31, 2022 was derived were audited by a predecessor auditor. An unmodified opinion was issued June 21, 2023 by the predecessor auditor.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wastewater System'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 opinion. 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 Wastewater System'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 Wastewater System'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.



Keith Faber
Auditor of State
Columbus, Ohio
June 28, 2024

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City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Wastewater System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2023 and 2022. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2023 and 2022 are as follows:

- The assets and deferred outflows of resources of the Hamilton Wastewater System exceed its liabilities and deferred inflows of resources at the close of 2023 and 2022 by \$29,118,649 and \$29,209,017 (net position), respectively. Of these amounts, \$11,541,594 and \$10,658,869 (unrestricted net position) in those years were available to meet the System's ongoing obligations to customers and creditors.
- The System's total net position decreased by \$90,368 between 2023 and 2022, representing a 0.31% decrease.
- In 2023, the Wastewater System's long-term debt decreased by a net \$2,472,291 due to meeting debt service requirements.

Wastewater System Summary

The City of Hamilton, Ohio owns and operates the Wastewater System, serving approximately 23,000 customers. The System consists of the treatment plant and sanitary sewer. The initial sludge plant was placed in service in 1959. In 1978, the Wastewater System was expanded to provide complete treatment services and an expansion of treatment facilities was completed during 2002.

The treatment plant, known as the Wastewater Reclamation Facility (WRF), is able to fully treat 32 MGD, the capacity of the WRF secondary treatment process. Wastewater flows in excess of 32 MGD receive only partial treatment. The stormwater train provides only primary treatment. The stormwater train's effluent is currently blended with fully treated flow from the wastewater train prior to disinfection, dechlorination and discharge to the Great Miami River.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Wastewater System for the years ended December 31, 2023 and 2022.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Reporting Hamilton's Wastewater System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Wastewater System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Wastewater System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2023 and 2022. The City of Hamilton's Wastewater System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Wastewater Fund are restricted to Wastewater System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Wastewater Fund and asks the question, "How did we do financially during 2023 and 2022?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Wastewater System's Financial Statements provide additional information that is essential to a full understanding of the data provided. The System provides services that have a charge based upon the amount of usage. The City's Wastewater System charges fees to recoup the cost of the entire operation of the Wastewater System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Wastewater Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,118,649, \$29,209,017, and \$28,338,265 as of December 31, 2023, 2022, and 2021, respectively. One of the largest portions of the net position of the Wastewater System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 50% for 2023, 54% for 2022, and 53% for 2021. The System employs these assets in the treatment and collection of sanitary sewer flow; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, because the capital assets themselves cannot be used to liquidate the liabilities.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Table 1 provides a summary of the Wastewater System's Statement of Net Position for the Years Ended December 31, 2023, 2022, and 2021.

	2023	2022	2021
Current and other assets	\$ 19,051,474	\$ 20,210,031	\$ 18,280,847
Capital assets	58,458,655	59,828,102	60,237,942
Total assets	<u>77,510,129</u>	<u>80,038,133</u>	<u>78,518,789</u>
Deferred outflows of resources	2,015,583	693,786	638,051
Long-term liabilities:			
Net pension liability	3,928,652	1,163,756	1,950,809
OPEB liabilities	237,105	250,551	336,373
Other long-term amounts	38,762,901	41,073,658	42,872,915
Other liabilities	7,232,583	7,120,826	4,082,083
Total liabilities	<u>50,161,241</u>	<u>49,608,791</u>	<u>49,242,180</u>
Deferred inflows of resources	245,822	1,914,111	1,576,395
Net investment in capital assets	14,677,811	15,678,170	15,086,041
Restricted	2,899,244	2,871,978	2,861,781
Unrestricted	11,541,594	10,658,869	10,390,443
Total net position	<u>\$ 29,118,649</u>	<u>\$ 29,209,017</u>	<u>\$ 28,338,265</u>

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

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Wastewater System's financial statements as a result of the Wastewater System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Wastewater System's financial statements reflects OPEB benefits provided by the Wastewater System through a Retiree Life Insurance plan. See Note 9 for more information on this plan.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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 liability/(asset) to equal the Wastewater System'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 Wastewater System 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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

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

As of December 31, 2023, 2022, and 2021, the Wastewater System is able to report positive balances in net position. The Wastewater System reported operating income of \$1,344,448, \$2,288,737, and \$3,940,517 in 2023, 2022, and 2021, respectively. The decrease in operating income was a direct result of changes in the net pension and OPEB liabilities.

Net non-operating expenses of \$627,016 decreased by \$790,969 in 2023, primarily due to unrealized gains on investments.

Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 13,514,647	\$ 13,002,156	\$ 12,971,767
Operating expenses:			
Depreciation	2,878,012	2,809,018	2,768,631
Other operating expenses	9,292,187	7,904,401	6,262,619
Total operating expenses	<u>12,170,199</u>	<u>10,713,419</u>	<u>9,031,250</u>
Operating income	1,344,448	2,288,737	3,940,517
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,438,095)	(1,152,372)	(1,239,131)
Loss on disposal of capital assets	(66,327)	-	(3,853)
Other non-operating expenses	877,406	(265,613)	(70,647)
Total non-operating revenues (expenses)	<u>(627,016)</u>	<u>(1,417,985)</u>	<u>(1,313,631)</u>
Change in net position	(90,368)	870,752	2,626,886
Beginning net position	29,209,017	28,338,265	25,711,379
Ending net position	<u>\$ 29,118,649</u>	<u>\$ 29,209,017</u>	<u>\$ 28,338,265</u>

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Wastewater System as of December 31, 2023, 2022, and 2021 amounted to \$14.7 million, \$15.7 million, and \$15.1 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Wastewater System asset activity during 2023.

Debt Administration: At the end of 2023, the City had outstanding long-term bond issues and loans totaling \$39,557,921.

See Note 7 for a discussion of the outstanding Wastewater System bonds and related activity.

Economic Factors and Future Trends

Wastewater customer classes include residential, commercial, industrial and large contract customers. The Wastewater System serves the entire City and certain adjacent areas and accounts for 99% of the wastewater treatment services within the corporate limits of the City.

Wastewater rates, as with the other City utility rates, are established by City ordinance and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any Federal or State regulatory body. In 2022, City Council approved a rate ordinance providing for a series of five rate increases, with the first increase effective January 1, 2023, and each subsequent increase, thereafter, effective January 1, for years 2023 through 2027. The City has a single rate schedule, applicable to all wastewater customers in the City, with the exception of customers that have separate agreements. The rate schedule provides for a basic billing charge; a capacity charged based on the water meter size; a service charge based on flow or volume of usage; a surcharge for Biochemical Oxygen Demand (BOD) in excess of 200 milligrams per liter (mg/l); and a surcharge for Suspended Solids (SS) in excess of 300 mg/l. The surcharge tolerance for SS were increased, effective July 1, 2012, from SS in excess of 250 mg/l to 300 mg/l, to more accurately reflect the cost of treatment. As with the other City utilities, there is a suburban surcharge (150%) levied on wastewater customers located outside the corporate limits of Hamilton.

The annual budget of the Wastewater System is adopted in accordance with ten-year projections developed by City Staff. These projects are thoroughly reviewed and updated in the Spring and Fall of each year or more often as deemed necessary by City Management.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
Unaudited

In January 2007, the City and the Ohio EPA entered into a Modified Consent Order to address the remaining Ohio EPA issues with the Wastewater System. This Modified Consent Order required a number of reports to be filed with the Ohio EPA, including a Management, Operation and Maintenance (MOM) Report of the sanitary sewer system; an audit of the MOM Report, one year later; an Overflow Emergency Response Plan (OERP); and a System Evaluation and Capacity Assurance Plan (SECAP), with an implementation schedule. The Modified Consent Order also regulated the reporting of overflow and bypass monitoring. The City has received Ohio EPA approval of the required submitted reports and programs. In a letter dated July 11, 2009, the SECAP was approved by the Ohio EPA Director as adequate and complete. The SECAP document serves as the master plan of capital improvements to the Wastewater System to satisfy the Modified Consent Order. In 2012, a Preliminary Engineering Report, detailing changes to the SECAP, was submitted to the Ohio EPA. The changes to the SECAP were due primarily to the closure of the two paper mills in Hamilton and subsequent significant reduction in wastewater flow. The Report detailed the changes and modifications recommended for the Water Reclamation Facility and Interceptor Improvement Projects. The Report also requested a one-year extension of the completion date for these Projects, to October 1, 2015. The Ohio EPA approved the changes to the SECAP detailed in the Report.

During 2013, the Wastewater System began construction of the improvements identified within the approved SECAP, including the construction of a sewer overflow interceptor along the Great Miami River. The interceptor project was bid in 2013, with an accepted bid of approximately \$12 million. This was completed in 2015. Additionally, significant improvements were required at the Water Reclamation Facility to meet the requirements of the SECAP. Phase I of these improvements began in 2011 and totaled almost \$5.1 million. Phase II of these improvements began in 2014 and is estimated to cost approximately \$6.5 million. All requirements of the SECAP were completed in 2016.

The City maintains an A1 bond rating with a stable outlook for its Wastewater System.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Wastewater System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

**CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and investments	\$ 14,218,013	14,928,814
Accounts receivable (less allowance for uncollectible accounts of \$864,188 and \$571,027, respectively)	1,766,330	1,846,994
Interest receivable	68,087	41,449
Inventory of supplies at cost	1,339	1,998
Prepaid expenses	98,461	89,793
Total current assets	<u>16,152,230</u>	<u>16,909,048</u>
Restricted assets:		
Cash and investments	<u>2,899,244</u>	<u>2,871,978</u>
Noncurrent assets:		
Net OPEB asset	-	429,005
Nondepreciable capital assets	6,776,706	8,987,048
Depreciable capital assets, net	51,681,949	50,841,054
Total noncurrent assets	<u>58,458,655</u>	<u>60,257,107</u>
Total assets	<u>77,510,129</u>	<u>80,038,133</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	142,570	151,481
Pension	1,603,950	509,339
OPEB	269,063	32,966
Total deferred outflows of resources	<u>2,015,583</u>	<u>693,786</u>
LIABILITIES		
Current liabilities:		
Accounts payable	344,139	283,342
Accrued wages and benefits	95,939	133,000
Intergovernmental payable	43,129	38,160
Accrued interest payable	350,119	356,231
Customer deposits payable	246,965	260,006
Compensated absences payable - current portion	287,415	257,566
General obligation notes payable	3,300,000	3,300,000
Installment loan payable - current	127,976	124,913
OWDA loans payable - current portion	55,488	56,195
OPWC loans payable - current portion	201,413	201,413
General obligation bonds payable - current portion	25,000	25,000
Revenue bonds payable - current portion	2,155,000	2,085,000
Total current liabilities	<u>7,232,583</u>	<u>7,120,826</u>
Non-current liabilities:		
Compensated absences payable	223,909	208,096
Installment loan payable	-	127,976
OWDA loans payable	1,513,564	1,237,782
OPWC loans payable	5,214,480	5,415,893
General obligation bonds payable	420,000	445,000
Revenue bonds payable	31,390,948	33,638,911
Net pension liability	3,928,652	1,163,756
Net OPEB liability	86,146	-
Total OPEB liability	<u>150,959</u>	<u>250,551</u>
Total noncurrent liabilities	<u>42,928,658</u>	<u>42,487,965</u>
Total liabilities	<u>50,161,241</u>	<u>49,608,791</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	94,393	1,409,768
OPEB	151,429	504,343
Total deferred inflows of resources	<u>245,822</u>	<u>1,914,111</u>
NET POSITION		
Net investment in capital assets	14,677,811	15,678,170
Restricted for debt service	899,244	871,978
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	11,541,594	10,658,869
Total net position	<u>\$ 29,118,649</u>	<u>29,209,017</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services	\$ 13,386,434	12,959,477
Other operating revenues	<u>128,213</u>	<u>42,679</u>
Total operating revenues	<u>13,514,647</u>	<u>13,002,156</u>
Operating expenses:		
Personal services	3,460,519	2,071,723
Materials and supplies	370,912	318,294
Contractual services	2,570,752	2,592,694
Depreciation	2,878,012	2,809,018
Other operating expenses	<u>2,890,004</u>	<u>2,921,690</u>
Total operating expenses	<u>12,170,199</u>	<u>10,713,419</u>
Operating income	1,344,448	2,288,737
Non-operating revenues (expenses):		
Investment earnings	877,406	(265,613)
Loss on disposal of capital assets	(66,327)	-
Interest and fiscal charges	<u>(1,438,095)</u>	<u>(1,152,372)</u>
Total non-operating revenues (expenses)	<u>(627,016)</u>	<u>(1,417,985)</u>
Income before transfers	717,432	870,752
Transfers out	<u>(807,800)</u>	<u>-</u>
Change in net position	(90,368)	870,752
Net position - beginning of year	<u>29,209,017</u>	<u>28,338,265</u>
Net position - end of year	\$ <u>29,118,649</u>	<u>29,209,017</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 13,595,311	12,830,394
Cash paid for employee services and benefits	(3,265,874)	(2,811,573)
Cash paid to suppliers for goods and services	<u>(5,909,051)</u>	<u>(5,827,507)</u>
Net cash from operating activities	<u>4,420,386</u>	<u>4,191,314</u>
Cash flows from noncapital financing activities:		
Transfers out to other funds	(807,800)	-
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(1,457,379)	(2,659,106)
Note proceeds	3,300,000	3,300,000
Loan proceeds	311,040	793,822
Premium on debt issuance	27,720	26,146
General obligation bond principal retirement	(25,000)	-
Bonds principal retirement	(2,085,000)	(2,025,000)
Note principal retirement	(3,300,000)	-
Loan principal retirement	(362,291)	(316,469)
Debt interest payments and fiscal charges	<u>(1,555,979)</u>	<u>(1,516,092)</u>
Net cash from capital and related financing activities	<u>(5,146,889)</u>	<u>(2,396,699)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>850,768</u>	<u>(290,956)</u>
Net change in cash and investments	(683,535)	1,503,659
Cash and investments at beginning of year	<u>17,800,792</u>	<u>16,297,133</u>
Cash and investments at end of year	\$ <u><u>17,117,257</u></u>	<u><u>17,800,792</u></u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 1,344,448	2,288,737
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	2,878,012	2,809,018
Change in deferred outflows-pension and OPEB	(1,330,708)	(104,135)
Change in deferred inflows-pension and OPEB	(1,668,289)	337,716
Changes in assets and liabilities:		
(Increase) decrease in receivables	80,664	(171,762)
(Increase) decrease in inventory	659	553
(Increase) decrease in prepaid items	(8,668)	(39,848)
Increase (decrease) in customer deposits payable	(13,041)	(23,470)
Increase (decrease) in payables	(56,716)	67,881
Increase (decrease) in accrued liabilities	8,601	86,325
Increase (decrease) in intergovernmental payables	4,969	2,299
(Increase) decrease in net OPEB asset	429,005	(189,125)
Increase (decrease) in net pension liability	2,764,896	(787,053)
Increase (decrease) in net OPEB liability	86,146	-
Increase (decrease) in total OPEB liability	<u>(99,592)</u>	<u>(85,822)</u>
Net cash from operating activities	\$ <u><u>4,420,386</u></u>	<u><u>4,191,314</u></u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u><u>180,604</u></u>	<u><u>95,661</u></u>
Acquisition of capital asset with installment loan	\$ <u><u>-</u></u>	<u><u>384,003</u></u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Wastewater System (Wastewater System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Wastewater System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Wastewater System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Wastewater System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Wastewater System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Wastewater System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Wastewater System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond premiums were \$92,963 and \$358,010 during 2023 and 2022, respectively.

Compensated Absences – The Wastewater System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the Wastewater System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Wastewater System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 8 and 9.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Wastewater System, deferred inflows of resources include pension/OPEB (see Notes 8 and 9).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Wastewater System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Wastewater System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Wastewater System totaled \$16,218,013 at December 31, 2023 and \$16,928,814 at December 31, 2022 consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$899,244 at December 31, 2023 and \$871,978 at December 31, 2022.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 does not have a custodial risk policy. As of December 31, 2023 and 2022, approximately 92% and 93%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Wastewater System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Wastewater System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Wastewater Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments 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 possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Wastewater System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.99 years and STAR Ohio which has a credit rating of AAAM.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Earned and unbilled consumer accounts	\$ 880,354	916,635
Earned and billed consumer accounts	1,747,200	1,494,502
Other	2,964	6,884
Less allowance for uncollectible accounts	<u>(864,188)</u>	<u>(571,027)</u>
Total	<u>\$ 1,766,330</u>	<u>1,846,994</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,899,244 and \$2,871,978 at December 31, 2023 and 2022, respectively.

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5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	6,139,551	885,094	(3,095,436)	3,929,209
Subtotal	<u>8,987,048</u>	<u>885,094</u>	<u>(3,095,436)</u>	<u>6,776,706</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,762,191	3,476,097	-	86,238,288
Machinery and equipment	54,833,596	309,137	(525,427)	54,617,306
Subtotal	<u>137,595,787</u>	<u>3,785,234</u>	<u>(525,427)</u>	<u>140,855,594</u>
Totals at historical cost	<u>146,582,835</u>	<u>4,670,328</u>	<u>(3,620,863)</u>	<u>147,632,300</u>
Less accumulated depreciation:				
Buildings and improvements	45,532,787	593,567	-	46,126,354
Machinery and equipment	41,221,946	2,284,445	(459,100)	43,047,291
Total accumulated depreciation	<u>86,754,733</u>	<u>2,878,012</u>	<u>(459,100)</u>	<u>89,173,645</u>
Capital assets, net	<u>\$ 59,828,102</u>	<u>\$ 1,792,316</u>	<u>\$ (3,161,763)</u>	<u>\$ 58,458,655</u>

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	7,944,392	88,875	(1,893,716)	6,139,551
Subtotal	<u>10,791,889</u>	<u>88,875</u>	<u>(1,893,716)</u>	<u>8,987,048</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,659,784	102,407	-	82,762,191
Machinery and equipment	50,785,674	4,101,612	(53,690)	54,833,596
Subtotal	<u>133,445,458</u>	<u>4,204,019</u>	<u>(53,690)</u>	<u>137,595,787</u>
Totals at historical cost	<u>144,237,347</u>	<u>4,292,894</u>	<u>(1,947,406)</u>	<u>146,582,835</u>
Less accumulated depreciation:				
Buildings and improvements	44,942,121	590,666	-	45,532,787
Machinery and equipment	39,057,284	2,218,352	(53,690)	41,221,946
Total accumulated depreciation	<u>83,999,405</u>	<u>2,809,018</u>	<u>(53,690)</u>	<u>86,754,733</u>
Capital assets, net	<u>\$ 60,237,942</u>	<u>\$ 1,483,876</u>	<u>\$ (1,893,716)</u>	<u>\$ 59,828,102</u>

6. NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23
4.00% Wastewater Improvements	\$ 3,300,000	\$ -	\$ (3,300,000)	\$ -
4.50% Wastewater Improvements	-	3,300,000	-	3,300,000
Total notes payable	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ (3,300,000)</u>	<u>\$ 3,300,000</u>

7. LONG TERM DEBT

In October 2016, the Wastewater System refunded \$10,840,000 of Series 2005 Wastewater System Revenue Refunding Bonds. The net proceeds of the Series 2016 bonds have been used to currently refund the Series 2005 Bonds that were originally issued to refund the 1996 and 1998 Wastewater Revenue Bonds. These bonds fully mature in 2026 with interest ranging from 1.75 to 5.0 percent per annum.

In April 2018, the Wastewater System currently refunded the 2017 Notes through the issuance of \$25,325,000 of Series 2018 Wastewater System Refunding Revenue Bonds. These bonds fully mature in 2041 and with interest ranging from 2.0 to 5.0 percent per annum.

In 2018, the City issued \$11,025,000 in Series 2018 General Obligation Various Purpose Bonds. Proceeds of \$555,000 will fund wastewater line improvements. The Wastewater System’s portion of the bonds fully mature in 2038 with interest ranging from 2.6 to 4.0 percent per annum.

In November 2019, the Wastewater System defeased \$10,865,000 of the Series 2009B Taxable Wastewater System Build America Revenue Bonds through the issuance of \$8,865,000 of Series 2019 Wastewater Mortgage Revenue Refunding Bonds, and additional cash on hand. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

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Debt activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
Series 2016 Revenue Bonds	\$ 4,300,000	\$ -	\$ (1,010,000)	\$ 3,290,000	\$ 1,045,000
Series 2018 Refunding Bonds	21,740,000	-	(800,000)	20,940,000	825,000
Series 2018 G.O. Bonds	470,000	-	(25,000)	445,000	25,000
Series 2019 Refunding Bonds	8,045,000	-	(275,000)	7,770,000	285,000
Less deferred amount for issuance premiums	1,638,911	-	(92,963)	1,545,948	-
<i>Direct borrowing:</i>					
OWDA loan	1,293,977	311,040	(35,965)	1,569,052	55,488
OPWC loan	5,617,306	-	(201,413)	5,415,893	201,413
Installment loan	252,889	-	(124,913)	127,976	127,976
Compensated absences	465,662	303,228	(257,566)	511,324	287,415
Total bonds	<u>\$ 43,823,745</u>	<u>\$ 614,268</u>	<u>\$ (2,822,820)</u>	<u>\$ 41,615,193</u>	<u>\$ 2,852,292</u>

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2016 Revenue Bonds	\$ 5,265,000	\$ -	\$ (965,000)	\$ 4,300,000	\$ 1,010,000
Series 2018 Refunding Bonds	22,510,000	-	(770,000)	21,740,000	800,000
Series 2018 G.O. Bonds	495,000	-	(25,000)	470,000	25,000
Series 2019 Refunding Bonds	8,310,000	-	(265,000)	8,045,000	275,000
Less deferred amount for issuance premiums	1,996,921	-	(358,010)	1,638,911	-
<i>Direct borrowing:</i>					
OWDA loan	1,357,881	-	(63,904)	1,293,977	56,195
OPWC loan	4,944,935	793,822	(121,451)	5,617,306	201,413
Installment loan	-	384,003	(131,114)	252,889	124,913
Compensated absences	413,940	270,752	(219,030)	465,662	257,566
Total bonds	<u>\$ 45,293,677</u>	<u>\$ 1,448,577</u>	<u>\$ (2,918,509)</u>	<u>\$ 43,823,745</u>	<u>\$ 2,750,087</u>

All property and revenue of the Wastewater System facilities have been pledged as collateral on the indebtedness. Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The Mortgage Revenue Bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of mortgage revenue and general obligation bonds at December 31, 2023 are as follows:

	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,155,000	\$ 1,294,088	\$ 3,449,088	\$ 25,000	\$ 14,618	\$ 39,618
2025	2,245,000	1,194,588	3,439,588	25,000	13,868	38,868
2026	2,360,000	1,082,338	3,442,338	25,000	13,118	38,118
2027	1,265,000	973,288	2,238,288	25,000	12,368	37,368
2028	1,330,000	910,038	2,240,038	25,000	11,718	36,718
2029-2033	7,830,000	3,675,539	11,505,539	150,000	46,068	196,068
2034-2038	9,600,000	2,162,925	11,762,925	170,000	18,851	188,851
2039-2041	5,215,000	393,400	5,608,400	-	-	-
Total	<u>\$ 32,000,000</u>	<u>\$ 11,686,204</u>	<u>\$ 43,686,204</u>	<u>\$ 445,000</u>	<u>\$ 130,609</u>	<u>\$ 575,609</u>

In 2010, the Wastewater System entered into a direct borrowing agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for sanitary sewer improvements. The interest rate on the loan is 3.25 percent, per annum. This loan is payable from wastewater utility charges. As of December 31, 2023, the outstanding loan balance was \$183,578.

In 2018, the Wastewater System entered into a direct borrowing agreement with the OWDA to receive a loan for sanitary sewer improvements. The interest rate on the loan is 2.22 percent per annum. This loan is payable from wastewater utility charges. As of December 31, 2023, the outstanding loan balance was \$1,074,434.

In 2016, the Wastewater System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for the Gilmore Road Pump Station (Phases I and II) with a 0 percent interest rate. As of December 31, 2023, the outstanding balance of the loan is \$3,096,995.

In 2021, the Wastewater System obtained financing through OPWC direct borrowing for sanitary sewer improvements at an interest rate of 0%. This loan is received by the Wastewater System in increments as the project is completed. As of December 31, 2023, the outstanding balance of the loan is \$2,318,897.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for a boiler replacement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2023, the Wastewater had received \$22,170 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA for the Wastewater System to receive a loan for a sanitary sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2023, the Wastewater System had received \$157,100 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA, for the Wastewater to receive a loan for a sanitary sewer facilities master plan project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2023, the Wastewater System had received \$70,000 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA, for the Wastewater System to receive a loan for a gravity collector sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2023, the Wastewater System had received \$61,770 from OWDA. Subsequent amounts will be received in future years.

The future financing requirements on the *completed* direct borrowing OWDA and OPWC project loan balances at December 31, 2023 was:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 256,901	\$ 29,452	\$ 286,353
2025	258,388	27,965	286,353
2026	259,916	26,437	286,353
2027	261,487	24,868	286,355
2028	263,102	23,252	286,354
2029-2033	1,249,064	94,105	1,343,169
2034-2038	1,213,941	70,160	1,284,101
2039-2043	1,238,086	46,016	1,284,102
2044-2048	1,265,046	19,052	1,284,098
2049-2052	407,974	304	408,278
Total	<u>\$ 6,673,905</u>	<u>\$ 361,611</u>	<u>\$ 7,035,516</u>

The future payments on the installment loan at December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 127,976</u>	<u>\$ 3,184</u>	<u>\$ 131,160</u>

8. DEFINED BENEFIT PENSION PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pension is 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 Wastewater System'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 Wastewater System's obligation for this liability to annually required payments. The Wastewater System cannot control benefit terms or the manner in which pensions are financed; however, the Wastewater System does receive the benefit of employees' services in exchange for compensation including pension.

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2023 and 2022 as follows:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	0.0	%
	<hr/>	
Total Employer	14.0	%
	<hr/>	
Employee	10.0	%
	<hr/>	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System's contractually required contributions were \$303,195 for 2023 and \$273,219 for 2022. Of this amount, \$13,246 was reported as an intergovernmental payable in 2023 and \$12,821 in 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Wastewater System's proportion of the net pension liability was based on the Wastewater System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net Pension Liability	\$ 3,928,652	\$ 1,163,756
Proportion of the Net Pension Liability	0.0132994%	0.0133759%
Change in Proportion	-0.0000765%	0.0002017%
Pension Expense	\$ 544,397	\$ (181,337)

At December 31, 2023 and 2022, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,119,789	\$ -
Wastewater System change in proportionate share	8,970	31,267
Changes in assumptions	41,503	145,526
Differences between expected and actual experience	130,493	59,327
Wastewater System contributions subsequent to the measurement date	303,195	273,219
Total Deferred Outflows of Resources	<u>\$ 1,603,950</u>	<u>\$ 509,339</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,384,245
Wastewater System change in proportionate share	94,393	-
Differences between expected and actual experience	-	25,523
Total Deferred Inflows of Resources	<u>\$ 94,393</u>	<u>\$ 1,409,768</u>

\$303,195 reported as deferred outflows of resources related to pension resulting from the Wastewater System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$ 97,592
2025	231,008
2026	329,459
2027	<u>548,303</u>
Total	<u>\$ 1,206,362</u>

Actuarial Assumptions. 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.

	<u>December 31, 2022</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2023, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Wastewater System's proportionate share of the net pension liability	\$ 5,884,998	\$ 3,928,652	\$ 2,301,334

9. DEFINED BENEFIT OPEB PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System and the City’s Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

Ohio Revised Code limits the City’s obligation for this liability to annual required payments. The Wastewater System cannot control benefit terms or the manner in which OPEB are financed; however, the Wastewater System 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 employer 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 system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System's contractually required contributions were \$0 for 2023 and 2022.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Wastewater System's proportion of the net OPEB liability/(asset) was based on the Wastewater System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2023</u>	<u>2022</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 86,146	\$ (429,005)
Proportion of the Net OPEB Liability/(Asset)	0.0136627%	0.0136968%
Change in Proportion	-0.0000341%	0.0002323%
OPEB Expense	\$ (152,628)	\$ (354,737)

At December 31, 2023 and 2022, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 171,088	\$ -
Wastewater System change in proportionate share	-	2,987
Changes in assumptions	84,139	-
Total Deferred Outflows of Resources	<u>\$ 255,227</u>	<u>\$ 2,987</u>

Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 204,519
Changes in assumptions	6,923	173,656
Differences between expected and actual experience	21,487	65,073
Total Deferred Inflows of Resources	<u>\$ 28,410</u>	<u>\$ 443,248</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	\$ 28,248
2025	62,569
2026	53,351
2027	<u>82,649</u>
Total	<u>\$ 226,817</u>

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

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

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

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

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

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

The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

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

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

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

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

Sensitivity of the Wastewater System’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the Wastewater System’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Wastewater System’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0 percentage point lower (4.22 percent) or 1.0 percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Wastewater System's proportionate share of the net OPEB liability/(asset)	\$ 292,978	\$ 86,146	\$ (84,644)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Wastewater System's proportionate share of the net OPEB liability	\$ 80,685	\$ 86,146	\$ 92,153

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Wastewater System’s contractually required contributions were \$12,136 in 2023 and \$17,977 in 2022.

At December 31, 2023, the number of plan-wide active participants and retirees were 620 and 596, respectively, and 607 and 676 at December 31, 2022, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2023. Following is information related to the changes in total OPEB liability:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability, beginning of year	\$ 250,551	\$ 336,373
Service cost	2,496	4,811
Interest	9,782	5,894
Difference between expected and actual experience	(21,192)	(1,700)
Changes in assumptions	(78,542)	(76,850)
Benefit payments	<u>(12,136)</u>	<u>(17,977)</u>
Total OPEB Liability, end of year	<u>\$ 150,959</u>	<u>\$ 250,551</u>
Retiree Life Insurance Plan OPEB expense	(\$21,525)	(\$7,911)

At December 31, 2023 and 2022, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 9,674	\$ 22,362
Differences between expected and actual experience	<u>4,162</u>	<u>7,617</u>
Total Deferred Outflows of Resources	<u>\$ 13,836</u>	<u>\$ 29,979</u>
Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 123,019</u>	<u>\$ 61,095</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:		
	2024	\$ (28,283)
	2025	(33,835)
	2026	(28,746)
	2027	<u>(18,319)</u>
Total		<u>\$ (109,183)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:

Current measurement date	3.80 percent
Prior measurement date	4.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Wastewater System's Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 3.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.80 percent) and one-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$ 168,666	\$ 150,959	\$ 136,202

10. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Wastewater System. The City believes the likely outcome will not be material to the Wastewater System's basic financial statements.

Asset Retirement Obligations. GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the recognition of a liability for an asset retirement obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulation, or contracts.

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

11. RELATED PARTY TRANSACTIONS

The Wastewater System purchases electricity from the City's Electric System. Purchases of \$690,007 and \$782,366 were made in 2023 and 2022, respectively, from the Electric System and are included in operating expenses.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Wastewater System for these services was approximately \$3,044,000 in 2023 and \$2,862,000 in 2022 and are included in other operating expenses.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Wastewater System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

13. CONTRACTUAL COMMITMENTS

At December 31, 2023, the Wastewater System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$853,000.

14. CHANGE IN ACCOUNTING PRINCIPLE

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

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net Pension Liability	Wastewater System's Proportionate Share of the Net Pension Liability	Wastewater System's Covered Payroll	Wastewater System'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	0.0132201%	\$ 1,567,858	\$ 1,471,631	106.54%	86.36%
2015	0.0132201%	1,594,487	1,636,133	97.45%	86.45%
2016	0.0107035%	1,853,976	1,468,558	126.24%	81.08%
2017	0.0107242%	2,435,275	1,397,050	174.32%	77.25%
2018	0.0110575%	1,734,709	1,519,392	114.17%	84.66%
2019	0.0112077%	3,069,559	1,490,579	205.93%	74.70%
2020	0.0134170%	2,651,956	1,578,507	168.00%	82.17%
2021	0.0131742%	1,950,809	1,912,900	101.98%	86.88%
2022	0.0133759%	1,163,756	1,887,543	61.65%	92.62%
2023	0.0132994%	3,928,652	1,951,564	201.31%	75.74%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 196,336	\$ (196,336)	\$ -	\$ 1,636,133	12.00%
2015	176,227	(176,227)	-	1,468,558	12.00%
2016	167,646	(167,646)	-	1,397,050	12.00%
2017	197,521	(197,521)	-	1,519,392	13.00%
2018	208,681	(208,681)	-	1,490,579	14.00%
2019	220,991	(220,991)	-	1,578,507	14.00%
2020	267,806	(267,806)	-	1,912,900	14.00%
2021	264,256	(264,256)	-	1,887,543	14.00%
2022	273,219	(273,219)	-	1,951,564	14.00%
2023	303,195	(303,195)	-	2,165,679	14.00%

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SEVEN MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net OPEB Liability/(Asset)	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset)	Wastewater System's Covered Payroll	Wastewater System'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	0.0104915%	\$ 1,059,681	\$ 1,397,050	75.85%	54.05%
2018	0.0111868%	1,214,800	1,519,392	79.95%	54.14%
2019	0.0113524%	1,480,082	1,490,579	99.30%	46.33%
2020	0.0136406%	1,884,120	1,578,507	119.36%	47.80%
2021	0.0134645%	(239,880)	1,912,900	(12.54%)	115.57%
2022	0.0136968%	(429,005)	1,887,543	(22.73%)	128.23%
2023	0.0136627%	86,146	1,951,564	4.41%	94.79%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST EIGHT YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 27,941	\$ (27,941)	\$ -	\$ 1,397,050	2.00%
2017	15,193	(15,193)	-	1,519,392	1.00%
2018	-	-	-	1,490,579	0.00%
2019	-	-	-	1,578,507	0.00%
2020	-	-	-	1,912,900	0.00%
2021	-	-	-	1,887,543	0.00%
2022	-	-	-	1,951,564	0.00%
2023	-	-	-	2,165,679	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	Wastewater System's Proportion Total OPEB Liability	Wastewater System's Covered- Employee Payroll	Wastewater System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,519,392	18.25%
2018	265,451	1,490,579	17.81%
2019	300,592	1,578,507	19.04%
2020	326,308	1,912,900	17.06%
2021	336,373	1,887,543	17.82%
2022	250,551	1,951,564	12.84%
2023	150,959	2,165,679	6.97%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SIX YEARS**

	2023	2022	2021	2020
Beginning Total OPEB Liability	\$ 250,551	\$ 336,373	\$ 326,308	\$ 300,592
Service Cost	2,496	4,811	4,488	3,676
Interest	9,782	5,894	6,348	8,028
Difference between expected and actual experience	(21,192)	(1,700)	7,812	4,383
Changes in assumptions	(78,542)	(76,850)	9,313	27,073
Benefit payments	(12,136)	(17,977)	(17,896)	(17,444)
Ending Total OPEB Liability	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>
	2019	2018		
Beginning Total OPEB Liability	\$ 265,451	\$ 277,234		
Service Cost	2,937	3,100		
Interest	9,762	9,412		
Difference between expected and actual experience	6,383	3,947		
Changes in assumptions	33,317	(11,462)		
Benefit payments	(17,258)	(16,780)		
Ending Total OPEB Liability	<u>\$ 300,592</u>	<u>\$ 265,451</u>		

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2023.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement period:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF HAMILTON

BUTLER 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 7/23/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov