CITY OF VERMILION
ERIE COUNTY, OHIO

Basic Financial Statements

For the Year Ended
December 31, 2023

Julian & Grube
Serving Ohio Local Governments

CITY OF VERMILION, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

Accountant's Compilation Report

To the Members of City Council
Vermilion, Ohio

Management is responsible for the accompanying basic financial statements of the City of Vermilion, which comprise the statements listed in the table of contents as of December 31, 2023 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
May 29, 2024

CITY OF VERMILION, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of the City of Vermilion's (the "City") financial performance provides an overall review of the City's financial activities for the 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The total net position of the City increased $5,317,101 from 2022's total restated net position. Net position of governmental activities increased $3,644,520 or 15.40% from 2022's net position and net position of business-type activities increased $1,672,581 or 22.60% from 2022's net position.

- General revenues accounted for $10,708,319 or 63.62% of total governmental activities revenue. Program specific revenues accounted for $6,124,322 or 36.38% of total governmental activities revenue.

- The City had $13,188,121 in expenses related to governmental activities; $6,124,322 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $7,063,799 were offset by general revenues (primarily property, income and other local taxes and unrestricted grants and entitlements) of $10,708,319.

- The general fund had revenues and other financing sources of $8,478,629 in 2023. The general fund had expenditures and other financing uses of $6,674,632 in 2023. The net increase in fund balance for the general fund was $1,803,997 or 33.40% from 2022's fund balance.

- The road improvement levy fund had revenues of $1,924,355 in 2023. The road improvement levy fund had expenditures of $2,194,155 in 2023. The net decrease in fund balance for the road improvement levy fund was $269,800 or 11.69%.

- The VPD Station Construction fund had revenues of $128,091 in 2023. The VPD Construction fund had expenditures of $92,158 in 2023. The net increase in fund balance for the VPD Construction fund was $35,933.

- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2023 by $1,672,581 from 2022's net position.

- The water fund had operating revenues of $3,084,075 and operating expenses of $2,042,149 in 2023. The water fund also had net non-operating expenses of $55,411. The water fund had capital contributions of $8,413. The net increase in net position for the water fund was $994,928 or 14.86% from 2022's restated net position.

- The sewer fund had operating revenues of $3,130,101 and operating expenses of $2,214,494 in 2023. The sewer fund also had net non-operating expenses of $374,531 and net non-operating revenues of $136,577. The net increase from 2022's restated net position for the sewer fund was $677,653.

- Budgetary information is presented for the general fund and the road improvement levy fund. In the general fund, the actual revenues and other financing sources were $301,622 less than they were in the final budget and actual expenditures and other financing uses were $372,947 less than the amount in the final budget. Budgeted revenues and other financing sources increased $1,904,470 from original to the final budget and budgeted expenditures and other financing uses increased $654,399 from original to the final budget.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and other local taxes and intergovernmental revenues including federal and state grants and other shared revenues.

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

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the road improvement levy fund, and the VPD Station Construction fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two 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 water and sewer functions. Both of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability/asset, along with contributions to the pension systems and net OPEB asset/liability.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2023 compared to 2022. The net position for 2022 was restated and further information is presented in Note 3 of the notes to the basic financial statements.

Net Position

	2023 Governmental Activities	(Restated) 2022 Governmental Activities	2023 Business-type Activities	(Restated) 2022 Business-type Activities	2023 Total	(Restated) 2022 Total
Assets						
Current and other assets	$ 33,876,250	$ 33,567,389	$ 9,362,003	$ 9,557,882	$ 43,238,253	$ 43,125,271
Capital assets, net	21,503,824	19,296,557	13,862,511	13,359,505	35,366,335	32,656,062
Total assets	55,380,074	52,863,946	23,224,514	22,917,387	78,604,588	75,781,333
Total deferred outflows of resources	3,639,581	1,948,694	1,166,955	337,852	4,806,536	2,286,546
Liabilities						
Current and other liabilities	701,206	1,044,335	327,192	474,238	1,028,398	1,518,573
Long-term liabilities:						
Due within one year	1,123,777	1,249,718	1,137,347	1,056,568	2,261,124	2,306,286
Net pension liability	8,230,004	4,114,739	2,433,103	735,486	10,663,107	4,850,225
Net OPEB liability	409,854	518,370	49,396	-	459,250	518,370
Other amounts	16,950,857	17,614,992	11,281,948	12,356,394	28,232,805	29,971,386
Total liabilities	27,415,698	24,542,154	15,228,986	14,622,686	42,644,684	39,164,840
Total deferred inflows of resources	4,300,306	6,611,355	89,392	1,232,043	4,389,698	7,843,398
Net Position						
Net investment in capital assets	10,639,439	8,706,939	5,518,779	3,966,101	16,158,218	12,673,040
Restricted	11,430,714	11,531,601	11,537	-	11,442,251	11,531,601
Unrestricted	5,233,498	3,420,591	3,542,775	3,434,409	8,776,273	6,855,000
Total net position	$ 27,303,651	$ 23,659,131	$ 9,073,091	$ 7,400,510	$ 36,376,742	$ 31,059,641

The net pension liability for governmental activities increased approximately $4.1 million, deferred outflows of resources related to pension increased approximately $1.5 million and deferred inflows of resources related to pension decreased approximately $2.1 million. These changes were the result of changes at the pension system level for Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire (OP&F) Pension Fund. Primarily, net investment income on investments at the pension systems were negative for the 2022 measurement date that are used for the 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous year's large positive investment returns.

The net pension liability for business-type activities increased approximately $1.7 million, deferred outflows of resources related to pension increased approximately $700,000 and deferred inflows of resources related to pension decreased approximately $900,000. These changes were the result of changes at the pension system level for the Ohio Public Employees Retirement System (OPERS). Primarily, net investment income on investments at the pension system were negative for the 2022 measurement date that are used for the 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous year's large positive investment returns.

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $36,376,742. At year-end, net position was $27,303,651 and $9,073,091 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 44.99% of total assets. Capital assets include land, construction in progress, buildings, equipment, infrastructure, land improvements, traffic lights, and vehicles. The net investment in capital assets at December 31, 2023, was $10,639,439 and $5,518,779 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, $11,442,251, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of $5,233,498 may be used to meet the City's ongoing obligations to citizens and creditors.

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The table below shows the changes in net position for years 2023 and 2022.

Change in Net Position

	2023 Governmental Activities	(Restated) 2022 Governmental Activities	2023 Business-Type Activities	(Restated) 2022 Business-Type Activities	2023 Total	(Restated) 2022 Total
Revenues:						
Program revenues:						
Charges for services	$ 2,982,080	$ 3,018,834	$ 6,051,891	$ 5,608,316	$ 9,033,971	$ 8,627,150
Operating grants and contributions	2,659,231	2,112,079	-	25,238	2,659,231	2,137,317
Capital grants and contributions	483,011	299,188	8,413	325,000	491,424	624,188
Total program revenues	6,124,322	5,430,101	6,060,304	5,958,554	12,184,626	11,388,655
General revenues:						
Property and other local taxes	3,907,337	3,772,212	-	-	3,907,337	3,772,212
Income taxes	4,842,645	4,802,184	-	-	4,842,645	4,802,184
Unrestricted grants and entitlements	654,450	578,611	-	-	654,450	578,611
Investment earnings / fair value adjustment	1,037,344	(519,140)	136,577	550	1,173,921	(518,590)
Miscellaneous	266,543	173,977	162,285	17,455	428,828	191,432
Total general revenues	10,708,319	8,807,844	298,862	18,005	11,007,181	8,825,849
Total revenues	16,832,641	14,237,945	6,359,166	5,976,559	23,191,807	20,214,504
Expenses:						
General government	3,246,397	2,678,128	-	-	3,246,397	2,678,128
Security of persons and property - police	3,857,756	3,446,564	-	-	3,857,756	3,446,564
Security of persons and property - fire	705,934	567,556	-	-	705,934	567,556
Public health and welfare	221,292	165,398	-	-	221,292	165,398
Transportation	2,418,769	2,075,259	-	-	2,418,769	2,075,259
Leisure time activities	696,157	656,757	-	-	696,157	656,757
Other	76,782	27,328	-	-	76,782	27,328
Refuse	1,135,287	1,124,335	-	-	1,135,287	1,124,335
Utility services	135,332	107,668	-	-	135,332	107,668
Interest and fiscal charges	694,415	550,567	-	-	694,415	550,567
Water	-	-	2,097,560	2,075,702	2,097,560	2,075,702
Sewer	-	-	2,589,025	2,142,918	2,589,025	2,142,918
Total expenses	13,188,121	11,399,560	4,686,585	4,218,620	17,874,706	15,618,180
Change in net position	3,644,520	2,838,385	1,672,581	1,757,939	5,317,101	4,596,324
Net position at beginning of year (restated)	23,659,131	20,820,746	7,400,510	5,642,571	31,059,641	26,463,317
Net position at end of year	$ 27,303,651	$ 23,659,131	$ 9,073,091	$ 7,400,510	$ 36,376,742	$ 31,059,641

Governmental Activities

Governmental activities net position increased 15.40% or $3,644,520 in 2023 from 2022's net position.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for $4,563,690 of the total expenses of the City. These expenses were funded by $354,666 in direct charges to users of the services, $684,511 in operating grants and contributions and $128,091 in capital grants and contributions. Transportation expenses totaled $2,418,769. Transportation expenses were funded by $467,698 in direct charges to users of the services, $1,263,562 in operating grants and contributions and $97,830 in capital grants and contributions.

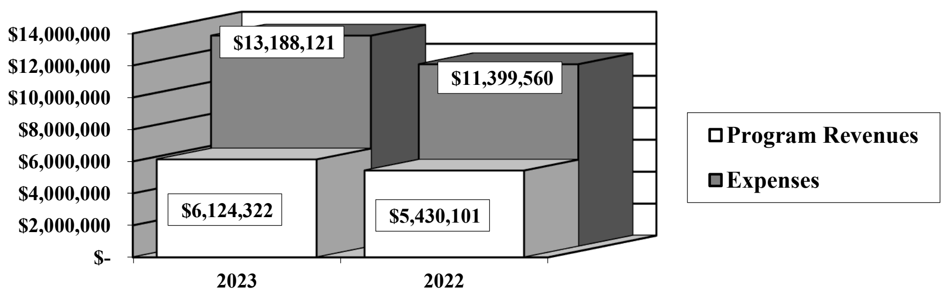
The state and federal government contributed to the City a total of $2,659,231 in operating grants and contributions and $491,424 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled $11,007,181 and amounted to 47.46% of total governmental revenues. These revenues primarily consist of property and other local tax revenue and income taxes of $8,749,982. The other primary sources of general revenues are grants and entitlements not restricted to specific programs, including local government funds, making up $654,450, and investment earnings of $1,037,344 which fluctuate year to year.

Overall, expenses of the governmental activities increased approximately $1.8 million. This increase is largely the result of an increase in pension expense. Pension expense increased approximately $1.1 million. This increase was the result of an increase in expenses incurred at the pension system level for Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire (OP&F) Pension Fund due to a decrease in net investment income on investments compared to previous years.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



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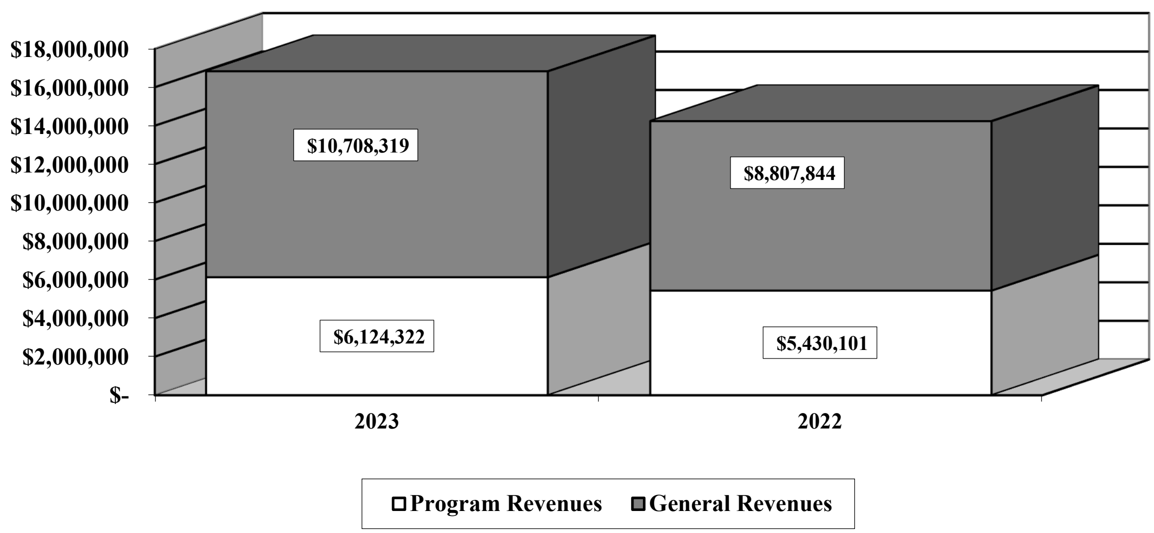
Governmental Activities

	Total Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2023	Net Cost of Services 2022
Program Expenses:				
General government	$ 3,246,397	$ 2,678,128	$ 1,956,848	$ 1,633,972
Security of persons and property - police	3,857,756	3,446,564	3,336,978	3,015,898
Security of persons and property - fire	705,934	567,556	59,444	(26,801)
Public health and welfare	221,292	165,398	58,775	18,865
Transportation	2,418,769	2,075,259	589,679	648,509
Leisure time activity	696,157	656,757	315,185	126,072
Other	76,782	27,328	76,782	27,328
Utility services	135,332	107,668	135,332	107,668
Refuse	1,135,287	1,124,335	(159,639)	(132,619)
Interest and fiscal charges	694,415	550,567	694,415	550,567
Total Expenses	$ 13,188,121	$ 11,399,560	$ 7,063,799	$ 5,969,459

The dependence upon general revenues for governmental activities is apparent, with 53.56% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues

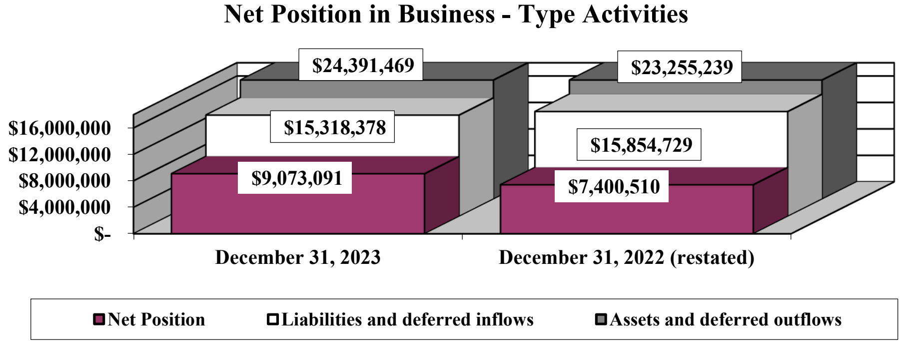


Business-Type Activities

The City's business-type activities include the water and sewer funds. These programs had program revenues of $6,060,304, general revenues of $298,862 and expenses of $4,686,585 for 2023.

Overall, expenses of the business-type activities increased approximately $500,000. This increase is the result of an increase in pension expense. Pension expense increased approximately $500,000. This increase was the result of an increase in expenses incurred at the pension system level for the Ohio Public Employees Retirement System (OPERS) due to a decrease in net investment income on investments compared to previous years.

The graph below shows the business-type activities assets and deferred outflows, liabilities and deferred inflows and net position at year-end 2023 and 2022.



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of $26,793,277 which is $1,707,369 over last year's total of $25,085,908. This increase in fund balance is primarily composed of $1,253,280 in investment income, which fluctuates year to year. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2023 for all major and nonmajor governmental funds.

	Fund Balances 12/31/23	Fund Balances 12/31/22	Change
Major Funds:			
General	$ 7,205,739	$ 5,401,742	$ 1,803,997
Road Improvement	2,038,300	2,308,100	(269,800)
VPD Station Construction	4,029,999	3,994,066	35,933
Other nonmajor governmental funds	13,519,239	13,382,000	137,239
Total	$ 26,793,277	$ 25,085,908	$ 1,707,369

General Fund

The City's general fund balance increased 33.40%. This increase is due to an increase in investment income. The table that follows assists in illustrating the revenues of the general fund.

	2023 Amount	2022 Amount	Percentage Change
Revenues			
Taxes	$ 5,817,498	$ 5,562,185	4.59 %
Charges for services	166,934	124,882	33.67 %
Licenses and permits	366,037	389,116	(5.93) %
Fines and forfeitures	322,793	372,286	(13.29) %
Intergovernmental	477,409	419,749	13.74 %
Special assessments	5,519	13,455	(58.98) %
Investment income	1,021,939	(520,164)	(296.46) %
Contributions and donations	61,623	300,608	(79.50) %
Other	145,061	143,428	1.14 %
Total	$ 8,384,813	$ 6,805,545	23.21 %

Overall revenues of the general fund increased $1,579,268 or 23.21%. Tax revenue represents 69.38% of all general fund revenue. Income tax revenues increased $158,088 in 2023 and contributions and donations decreased $238,985. The fluctuation in investment income is due to the fair value measurement at year end. The City purchases investment securities with the intent to hold them to maturity, which based on timing of the purchases, can show either a negative or positive change in fair value.

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

	2023 Amount	2022 Amount	Percentage Change
Expenditures			
General government	$ 2,448,215	$ 2,321,157	5.47 %
Security of persons and property - police	2,803,731	2,981,594	(5.97) %
Security of persons and property - fire	108,132	120,240	(10.07) %
Leisure time activities	83,744	270,198	(69.01) %
Other	55,781	66,112	(15.63) %
Utility services	119,054	121,616	(2.11) %
Capital outlay	280,283	372,221	(24.70) %
Debt service	439,642	159,601	175.46 %
Total	$ 6,338,582	$ 6,412,739	(1.16) %

The general fund's resources were primarily used for general government and security of persons and property which accounted for 84.56% of all general fund expenditures in 2023. Expenditures overall remained relatively stable with an decrease of 1.16% from 2022.

Road Improvement Levy Fund

The road improvement levy fund had revenues of $1,924,355 in 2023. This represents an increase of $247,664 from 2022 revenues and other financing sources. The road improvement levy fund had expenditures of $2,194,155 in 2023, which is $638,631 more than expenditures in 2022. The net decrease in fund balance for the road improvement levy fund was $269,800 or 11.69%.

VPD Station Construction Fund

The VPD Station Construction fund had revenues of $128,091 in 2023. The VPD Construction fund had expenditures of $92,158 in 2023. The net increase in fund balance for the VPD Construction fund was $35,933. The primary revenue source for this fund has been bond proceeds, although in 2023 the only revenue was investment income. Future expenditures will be used for construction of a police station.

Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the City Council adopts a temporary operating budget for the City prior to the first day of January. Council adopts a permanent annual operating budget for the City prior to the first day of April. From time to time during the year, the fund's budget may be amended as needs or conditions change.

In the general fund, budgeted revenues and other financing sources increased $1,904,470 from original to the final budget and budgeted expenditures and other financing uses increased $654,399 from original to the final budget. The actual revenues and other financing sources were $301,622 less than they were in the final budget and actual expenditures and other financing uses were $372,947 less than the amount in the final budget.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities.

The water fund had operating revenues of $3,084,075 and operating expenses of $2,042,149 in 2023. The water fund also had non-operating expenses of $55,411 and capital contributions of $8,413. The net increase in net position for the water fund was $994,928 or 14.86% from 2022's net position.

The sewer fund had operating revenues of $3,130,101 and operating expenses of $2,214,494 in 2023. The sewer fund also had non-operating expenses of $374,531 and non-operating revenues of 136,577. The net increase in net position for the sewer fund was $677,653.

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the City had $35,366,335 (net of accumulated depreciation) invested in land, construction in progress, buildings, equipment, furniture, infrastructure, land improvements, traffic lights, and vehicles. Of this total, $21,503,824 was reported in governmental activities and $13,862,511 was reported in business-type activities.

The following table shows 2023 capital asset balances compared to 2022.

Capital Assets at December 31
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
		(Restated)		(Restated)		
	2023	2022	2023	2022	2023	2022
Land	$ 3,870,430	$ 3,870,430	$ 258,003	$ 258,003	$ 4,128,433	$ 4,128,433
Construction in progress	672,708	773,585	-	914,224	672,708	1,687,809
Buildings	5,102,477	5,261,214	599,340	667,464	5,701,817	5,928,678
Equipment	1,207,243	784,805	2,239,914	2,417,085	3,447,157	3,201,890
Infrastructure	6,493,294	6,174,456	10,499,758	8,782,569	16,993,052	14,957,025
Land improvements	1,922,274	188,060	1,622	2,433	1,923,896	190,493
Traffic lights	745,416	802,756	-	-	745,416	802,756
Right to use Equipment	14,691	18,609	-	-	14,691	18,609
Right to use Vehicles	129,249	270,248	-	-	129,249	270,248
Right to use Software	266,496	225,692	-	-	266,496	225,692
Vehicles	1,079,546	926,702	263,874	317,727	1,343,420	1,244,429
Totals	$ 21,503,824	$ 19,296,557	$ 13,862,511	$ 13,359,505	$ 35,366,335	$ 32,656,062

The City's largest capital asset category is infrastructure which includes roads, water lines, and sewer lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 29.69% of the City's total capital assets. See Note 9 to the basic financial statements for additional capital asset detail.

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Debt Administration

The City had the following long-term obligations outstanding at December 31, 2023 and 2022:

	2023	(Restated) 2022
Bonds:		
General obligation and refunding	$ 14,634,824	$ 15,199,372
Special assessment	708,140	780,648
2021 Improvement bonds	1,624,000	1,712,000
OPWC loans	307,685	324,969
Leases payable	113,426	206,660
SBITA payable	195,484	182,402
Financed purchases - notes payable	36,759	49,733
Total long-term obligations	$ 17,620,318	$ 18,455,784

	Business-type Activities	
	2023	(Restated) 2022
Bonds:		
General obligation and refunding	$ 8,063,132	$ 8,661,572
Special assessment	951,829	1,111,057
OWDA loans	3,180,278	3,409,007
Financed purchases - notes payable	74,972	101,314
Total long-term obligations	$ 12,270,211	$ 13,282,950

See Note 10 to the basic financial statements for detail on the City's long-term obligations.

Economic Conditions and Outlook

The City of Vermilion has experienced some financial difficulties, but in recent years accumulated a cash balance to help temper sudden unexpected situations. The city is experiencing growth in new residential construction through 2022, that continued in 2023 though at a slower pace as some existing developments reach capacity. Increased construction costs and interest rates have stalled new developments, but interest continues from a new developer going through the planning phases. Retail and commercial properties remained at strong occupancy levels in 2023 as well, with regular new inquiries. The various economic factors were considered in the preparation of the City's 2024 budget and will be considered in the preparation of future budgets. New three-year collective bargaining agreements beginning in 2023 were ratified prior to the end of 2022. Appropriate measures will be taken to ensure spending is within available resources as the City prepares to meet the challenges of the future. In conclusion, management has been committed to provide the residents of the City of Vermilion with full disclosure of the financial position of the City.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Amy L. Hendricks, Finance Director, 5511 Liberty Avenue, Vermilion, Ohio 44089.

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BASIC
FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Component Unit Port Authority
Assets:				
Equity in pooled cash and cash equivalents	$ 25,603,832	$ 7,813,748	$ 33,417,580	$ -
Cash with fiscal and escrow agents	-	-	-	116,950
Receivables:				
Income taxes	2,062,430	-	2,062,430	-
Real and other taxes	3,626,556	-	3,626,556	-
Accounts	326,514	938,066	1,264,580	29
Special assessments	417,458	637,763	1,055,221	-
Accrued interest	204,680	-	204,680	279
Due from other governments	1,441,427	8,413	1,449,840	-
Leases	-	-	-	66,911
Materials and supplies inventory	38,824	18,623	57,447	-
Prepayments	58,157	12,266	70,423	-
Net pension asset	17,959	11,537	29,496	-
Net OPEB asset	-	-	-	-
Internal balance	78,413	(78,413)	-	-
Capital assets:				
Land and construction in progress	4,543,138	258,003	4,801,141	1,059,388
Depreciable capital assets, net	16,960,686	13,604,508	30,565,194	678,889
Total capital assets, net	21,503,824	13,862,511	35,366,335	1,738,277
Total assets	55,380,074	23,224,514	78,604,588	1,922,446
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	87,987	14,054	102,041	-
Pension	2,971,059	1,005,668	3,976,727	-
OPEB	580,535	147,233	727,768	-
Total deferred outflows of resources	3,639,581	1,166,955	4,806,536	-
Liabilities:				
Accounts payable	297,863	119,880	417,743	746
Contracts payable	177,842	124,539	302,381	-
Retainage payable	-	-	-	-
Accrued wages and benefits payable	95,800	28,616	124,416	-
Due to other governments	72,851	26,861	99,712	577
Accrued interest payable	56,850	27,296	84,146	-
Unearned revenue	-	-	-	9,400
Long-term liabilities:				
Due within one year	1,123,777	1,137,347	2,261,124	17,152
Due greater than one year:				
Net pension liability	8,230,004	2,433,103	10,663,107	-
Net OPEB liability	409,854	49,396	459,250	-
Other amounts due in more than one year	16,950,857	11,281,948	28,232,805	849,544
Total liabilities	27,415,698	15,228,986	42,644,684	877,419
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,535,270	-	3,535,270	-
Leases	-	-	-	73,644
Unamortized deferred loss on debt refunding	-	44,722	44,722	-
Pension	378,630	26,545	405,175	-
OPEB	386,406	18,125	404,531	-
Total deferred inflows of resources	4,300,306	89,392	4,389,698	73,644
Net position:				
Net investment in capital assets	10,639,439	5,518,779	16,158,218	871,581
Restricted for:				
Debt service	520,426	-	520,426	-
Capital projects	3,945,937	-	3,945,937	-
Streets and highways	3,211,128	-	3,211,128	-
Fire and EMS	894,092	-	894,092	-
Police	1,101,603	-	1,101,603	-
Courts	422,587	-	422,587	-
Public health	43,869	-	43,869	-
Recreation	252,283	-	252,283	-
Pension	17,959	11,537	29,496	-
Other purposes	1,020,830	-	1,020,830	-
Unrestricted	5,233,498	3,542,775	8,776,273	99,802
Total net position	$ 27,303,651	$ 9,073,091	$ 36,376,742	$ 971,383

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Current:				
General government.	$ 3,246,397	$ 648,649	$ 640,900	$ -
Security of persons and property - police.	3,857,756	346,225	46,462	128,091
Security of persons and property - fire	705,934	8,441	638,049	-
Public health and welfare	221,292	157,097	5,420	-
Transportation.	2,418,769	467,698	1,263,562	97,830
Leisure time activity.	696,157	59,044	64,838	257,090
Utility services	135,332	-	-	-
Other	76,782	-	-	-
Refuse	1,135,287	1,294,926	-	-
Interest and fiscal charges.	694,415	-	-	-
Total governmental activities	13,188,121	2,982,080	2,659,231	483,011
Business-type activities:				
Water	2,097,560	3,073,698	-	8,413
Sewer	2,589,025	2,978,193	-	-
Total business-type activities	4,686,585	6,051,891	-	8,413
Total primary government	$ 17,874,706	$ 9,033,971	$ 2,659,231	$ 491,424
Component Unit:				
Port Authority.	$ 236,397	$ 207,283	$ 100	$ -

General revenues:
Property taxes levied for:
General purposes . . . .
Debt service. . . . .
Capital outlay. . . . .
Other purposes . . . .
Income taxes levied for:
General purposes . . . .
Other purposes . . . .
Grants and entitlements not restricted
to specific programs . . . .
Investment earnings / fair value adjustment . . . .
Miscellaneous . . . .

Total general revenues . . . .

Change in net position . . . .

Net position at beginning of year (restated) . . . .

Net position at end of year. . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit Port Authority
$ (1,956,848)	$ -	$ (1,956,848)	$ -
(3,336,978)	-	(3,336,978)	-
(59,444)	-	(59,444)	-
(58,775)	-	(58,775)	-
(589,679)	-	(589,679)	-
(315,185)	-	(315,185)	-
(135,332)	-	(135,332)	-
(76,782)	-	(76,782)	-
159,639	-	159,639	-
(694,415)	-	(694,415)	-
(7,063,799)	-	(7,063,799)	-
-	984,551	984,551	-
-	389,168	389,168	-
-	1,373,719	1,373,719	-
(7,063,799)	1,373,719	(5,690,080)	-
-	-	-	(29,014)
2,682,553	-	2,682,553	-
90,733	-	90,733	-
453,686	-	453,686	-
680,365	-	680,365	-
3,171,023	-	3,171,023	-
1,671,622	-	1,671,622	-
654,450	-	654,450	-
1,037,344	136,577	1,173,921	4,689
266,543	162,285	428,828	-
10,708,319	298,862	11,007,181	4,689
3,644,520	1,672,581	5,317,101	(24,325)
23,659,131	7,400,510	31,059,641	995,708
$ 27,303,651	$ 9,073,091	$ 36,376,742	$ 971,383

CITY OF VERMILION, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Road Improvement Levy	VPD Station Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	$ 6,731,284	$ 1,903,950	$ 4,046,981	$ 12,921,617	$ 25,603,832
Receivables:					
Income taxes	1,341,334	721,096	-	-	2,062,430
Real and other taxes	2,370,674	-	-	1,255,882	3,626,556
Accounts	63,792	-	-	262,722	326,514
Special assessments	3,578	-	-	413,880	417,458
Interfund loans	91,157	-	-	-	91,157
Accrued interest	204,680	-	-	-	204,680
Due from other governments	304,618	36,758	-	1,100,051	1,441,427
Advances to other funds	20,000	-	-	-	20,000
Materials and supplies inventory	-	-	-	38,824	38,824
Prepayments	43,579	-	-	14,578	58,157
Total assets	$ 11,174,696	$ 2,661,804	$ 4,046,981	$ 16,007,554	$ 33,891,035
Liabilities:					
Accounts payable	$ 33,540	$ 8,564	$ 16,982	$ 238,777	$ 297,863
Contracts payable	-	-	-	177,842	177,842
Retainage payable	-	-	-	-	-
Accrued wages and benefits payable	77,238	-	-	18,562	95,800
Interfund loans payable	-	-	-	32,744	32,744
Due to other governments	42,243	-	-	30,608	72,851
Total liabilities	153,021	8,564	16,982	498,533	677,100
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	2,310,539	-	-	1,224,731	3,535,270
Delinquent property tax revenue not available	60,135	-	-	31,151	91,286
Accrued interest not available	35,660	-	-	-	35,660
Special assessments revenue not available	3,578	-	-	413,880	417,458
Miscellaneous revenue not available	-	-	-	-	-
Income tax revenue not available	1,136,047	614,940	-	-	1,750,987
Intergovernmental revenue not available	269,977	-	-	320,020	589,997
Total deferred inflows of resources	3,815,936	614,940	-	1,989,782	6,420,658
Fund balances:					
Nonspendable	70,119	-	-	53,402	123,521
Restricted	-	2,038,300	4,029,999	11,367,504	17,435,803
Committed	-	-	-	2,098,333	2,098,333
Assigned	256,170	-	-	-	256,170
Unassigned	6,879,450	-	-	-	6,879,450
Total fund balances	7,205,739	2,038,300	4,029,999	13,519,239	26,793,277
Total liabilities, deferred inflows of resources and fund balances	$ 11,174,696	$ 2,661,804	$ 4,046,981	$ 16,007,554	$ 33,891,035

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		$ 26,793,277
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,503,824
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 1,750,987	
Real and other taxes receivable	91,286	
Intergovernmental receivable	589,997	
Special assessments receivable	417,458	
Accrued interest receivable	35,660	
Total		2,885,388
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(56,850)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		87,987
Unamortized premiums on bond issuances are not recognized in the funds.		(339,214)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds		
Net pension asset	17,959	
Deferred outflows of resources	2,971,059	
Deferred inflows of resources	(378,630)	
Net pension liability	(8,230,004)	
Total		(5,619,616)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	580,535	
Deferred inflows of resources	(386,406)	
Net OPEB liability	(409,854)	
Total		(215,725)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(416,144)	
Police and fire pension liability	(38,172)	
Lease payable	(113,426)	
SBITA payable	(195,484)	
General obligation bonds payable	(14,308,750)	
Direct placement bonds	(307,685)	
Financed purchase obligation	(36,759)	
Loans payable	(1,624,000)	
Special assessment bonds payable	(695,000)	
Total		(17,735,420)
Net position of governmental activities		$ 27,303,651

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Road Improvement Levy	VPD Station Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	$ 3,132,156	$ 1,674,611	$ -	$ -	$ 4,806,767
Real and other taxes	2,685,342	-	-	1,226,172	3,911,514
Charges for services	166,934	640	-	1,938,888	2,106,462
Licenses and permits	366,037	-	-	-	366,037
Fines and forfeitures	322,793	-	-	118,254	441,047
Intergovernmental	477,409	198,094	-	3,260,938	3,936,441
Special assessments	5,519	-	-	58,804	64,323
Investment income / fair value adjustment	1,021,939	-	128,091	103,250	1,253,280
Contributions and donations	61,623	-	-	217,505	279,128
Other	145,061	51,010	-	170,191	366,262
Total revenues	8,384,813	1,924,355	128,091	7,094,002	17,531,261
Expenditures:					
Current:					
General government	2,448,215	-	-	411,337	2,859,552
Security of persons and property - police	2,803,731	-	-	415,667	3,219,398
Security of persons and property - fire	108,132	-	-	512,617	620,749
Public health and welfare	-	-	-	199,399	199,399
Transportation	-	1,489,887	-	979,804	2,469,691
Leisure time activity	83,744	-	-	539,350	623,094
Utility services	119,054	-	-	-	119,054
Refuse	-	-	-	1,135,287	1,135,287
Other	55,781	-	-	19,999	75,780
Capital outlay	280,283	254,498	92,158	2,354,755	2,981,694
Debt service:					
Principal retirement	202,471	283,785	-	431,319	917,575
Interest and fiscal charges	237,171	165,985	-	301,628	704,784
Total expenditures	6,338,582	2,194,155	92,158	7,301,162	15,926,057
Excess (deficiency) of revenues over (under) expenditures	2,046,231	(269,800)	35,933	(207,160)	1,605,204
Other financing sources (uses):					
Transfers in	-	-	-	336,050	336,050
Transfers (out)	(336,050)	-	-	-	(336,050)
SBITA transactions	93,816	-	-	8,349	102,165
Total other financing sources (uses)	(242,234)	-	-	344,399	102,165
Net change in fund balances	1,803,997	(269,800)	35,933	137,239	1,707,369
Fund balances at beginning of year	5,401,742	2,308,100	3,994,066	13,382,000	25,085,908
Fund balances at end of year	$ 7,205,739	$ 2,038,300	$ 4,029,999	$ 13,519,239	$ 26,793,277

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, 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
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds		$ 1,707,369
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 outlays exceeds depreciation expense in the current period.		
Capital asset additions	$ 3,315,950	
Current year depreciation	(1,108,683)	
Total		2,207,267
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	35,878	
Real and other taxes	(4,177)	
Intergovernmental revenues	(670,398)	
Special assessments	(58,194)	
Investment income	15,405	
Other	(17,134)	
Total		(698,620)
SBITA transactions are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(102,165)
Repayment of bond, loan, lease, and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		917,575
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Increase in accrued interest payable	257	
Amortization of deferred amounts on refunding	(9,944)	
Amortization of bond premiums and discounts	20,056	
Total		10,369
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,043,920)	
OPEB	90,476	
Total		(953,444)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	593,066	
OPEB	8,493	
Total		601,559
Some expenses reported in the statement of activities, such as compensated absences and the police pension liability do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(45,390)
Change in net position of governmental activities		$ 3,644,520

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Income taxes	$ 2,375,197	$ 3,264,837	$ 3,125,079	$ (139,758)
Real and other taxes	2,107,305	2,739,505	2,683,828	(55,677)
Intergovernmental	370,178	467,456	412,968	(54,488)
Charges for services	91,438	118,636	115,463	(3,173)
Fines and forfeitures	311,222	386,224	318,403	(67,821)
Licenses and permits	292,585	378,794	365,977	(12,817)
Special assessments	-	-	5,519	5,519
Investment earnings	282,669	353,002	298,578	(54,424)
Contributions and donations	21,686	25,300	15,343	(9,957)
Miscellaneous	(11,088)	11,908	97,626	85,718
Total revenues	5,841,192	7,745,662	7,438,784	(306,878)
Expenditures:				
Current:				
General government	2,402,883	2,643,966	2,531,961	112,005
Security of persons and property:				
Police	2,323,642	2,643,524	2,815,108	(171,584)
Fire	158,062	168,358	108,132	60,226
Leisure time activity	12,151	13,579	15,000	(1,421)
Utility services	108,674	119,971	118,646	1,325
Other	49,321	54,638	55,834	(1,196)
Capital outlay	352,026	391,281	412,270	(20,989)
Debt service:				
Principal retirement	80,528	85,527	52,500	33,027
Interest and fiscal charges	177,317	198,159	218,892	(20,733)
Total expenditures	5,664,604	6,319,003	6,328,343	(9,340)
Excess (deficiency) of revenues over (under) expenditures	176,588	1,426,659	1,110,441	(316,218)
Other financing sources (uses):				
Advances in	640,866	640,866	646,122	5,256
Advances out	(350,000)	(350,000)	(58,413)	291,587
Transfers out	(576,750)	(576,750)	(486,050)	90,700
Total other financing sources (uses)	(285,884)	(285,884)	101,659	387,543
Net change in fund balances	(109,296)	1,140,775	1,212,100	71,325
Fund balances at beginning of year	4,260,156	4,260,156	4,260,156	-
Prior year encumbrances appropriated	477,159	477,159	477,159	-
Fund balance at end of year	$ 4,628,019	$ 5,878,090	$ 5,949,415	$ 71,325

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROAD IMPROVEMENT LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Income taxes	$ 1,523,028	$ 1,661,000	$ 1,680,030	$ 19,030
Intergovernmental	167,942	184,210	198,094	13,884
Charges for services	647	700	640	(60)
Miscellaneous	13,083	14,253	14,252	(1)
Total revenues	1,704,700	1,860,163	1,893,016	32,853
Expenditures:				
Current:				
Transportation	1,922,746	2,102,113	1,968,740	133,373
Capital outlay	337,649	364,282	359,115	5,167
Debt service:				
Principal retirement	360,735	360,735	360,735	-
Interest and fiscal charges	89,036	89,036	89,035	1
Total expenditures	2,710,166	2,916,166	2,777,625	138,541
Net change in fund balances	(1,005,466)	(1,056,003)	(884,609)	171,394
Fund balances at beginning of year	1,867,825	1,867,825	1,867,825	-
Prior year encumbrances appropriated	328,700	328,700	328,700	-
Fund balance at end of year	$ 1,191,059	$ 1,140,522	$ 1,311,916	$ 171,394

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	$ 2,084,826	$ 5,728,922	$ 7,813,748
Receivables:			
Accounts	439,311	498,755	938,066
Special assessments	80	637,683	637,763
Due from other governments	8,413	-	8,413
Materials and supplies inventory	10,625	7,998	18,623
Prepayments	5,926	6,340	12,266
Total current assets	2,549,181	6,879,698	9,428,879
Noncurrent assets:			
Net pension asset	6,062	5,475	11,537
Capital assets:			
Land and construction in progress	99,908	158,095	258,003
Depreciable capital assets, net	8,156,437	5,448,071	13,604,508
Total capital assets, net	8,256,345	5,606,166	13,862,511
Total noncurrent assets	8,262,407	5,611,641	13,874,048
Total assets	10,811,588	12,491,339	23,302,927
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	7,405	6,649	14,054
Pension	527,003	478,665	1,005,668
OPEB	77,459	69,774	147,233
Total deferred outflows of resources	611,867	555,088	1,166,955
Total assets and deferred outflows of resources	11,423,455	13,046,427	24,469,882
Liabilities:			
Current liabilities:			
Accounts payable	79,518	40,362	119,880
Contracts payable	79,587	44,952	124,539
Accrued wages and benefits payable	20,382	8,234	28,616
Due to other governments	10,692	16,169	26,861
Interfund loans payable	58,413	-	58,413
Accrued interest payable	4,383	22,913	27,296
Compensated absences payable - current	44,656	5,604	50,260
Advances from other funds	20,000	-	20,000
General obligation bonds payable	289,000	326,400	615,400
Special assessment bonds payable	-	161,850	161,850
OWDA loans payable	-	234,865	234,865
Financed purchase obligation	37,486	37,486	74,972
Total current liabilities	644,117	898,835	1,542,952
Long-term liabilities:			
Compensated absences payable	87,805	11,019	98,824
General obligation bonds payable	1,663,491	5,784,241	7,447,732
Special assessment bonds payable	-	789,979	789,979
OWDA loans payable	-	2,945,413	2,945,413
Net pension liability	1,278,450	1,154,653	2,433,103
Net OPEB liability	25,955	23,441	49,396
Total long-term liabilities	3,055,701	10,708,746	13,764,447
Total liabilities	3,699,818	11,607,581	15,307,399
Deferred inflows of resources:			
Unamortized deferred loss on debt refunding	-	44,722	44,722
Pension	22,179	4,366	26,545
OPEB	9,385	8,740	18,125
Total deferred inflows of resources	31,564	57,828	89,392
Net position:			
Net investment in capital assets (deficit)	6,194,186	(675,407)	5,518,779
Restricted for pension	6,062	5,475	11,537
Unrestricted	1,491,825	2,050,950	3,542,775
Total net position	$ 7,692,073	$ 1,381,018	$ 9,073,091

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Operating revenues:			
Charges for services	$ 3,073,698	$ 2,978,193	$ 6,051,891
Other operating revenues	10,377	151,908	162,285
Total operating revenues	3,084,075	3,130,101	6,214,176
Operating expenses:			
Personal services	1,038,799	958,275	1,997,074
Contract services	307,258	454,798	762,056
Materials and supplies	263,526	173,867	437,393
Utilities	75,798	198,925	274,723
Depreciation	354,625	428,629	783,254
Other	2,143	-	2,143
Total operating expenses	2,042,149	2,214,494	4,256,643
Operating income	1,041,926	915,607	1,957,533
Nonoperating revenues (expenses):			
Interest and fiscal charges	(55,411)	(374,531)	(429,942)
Interest income	-	136,577	136,577
Total nonoperating revenues (expenses)	(55,411)	(237,954)	(293,365)
Income before contributions	986,515	677,653	1,664,168
Capital contributions	8,413	-	8,413
Change in net position	994,928	677,653	1,672,581
Net position at beginning of year (restated)	6,697,145	703,365	7,400,510
Net position at end of year	$ 7,692,073	$ 1,381,018	$ 9,073,091

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Cash flows from operating activities:			
Cash received from sales/charges for services	$ 2,889,281	$ 3,204,818	$ 6,094,099
Cash received from other operations	10,377	151,908	162,285
Cash payments for personal services	(997,615)	(946,049)	(1,943,664)
Cash payments for contractual services	(335,284)	(640,248)	(975,532)
Cash payments for materials and supplies	(255,238)	(179,036)	(434,274)
Cash payments for other expenses	(2,143)	-	(2,143)
Net cash provided by operating activities	1,309,378	1,591,393	2,900,771
Cash flows from noncapital financing activities:			
Cash received from interfund loans	58,413	-	58,413
Cash used in repayment of interfund loans	(33,650)	-	(33,650)
Net cash provided by noncapital financing activities	24,763	-	24,763
Cash flows from capital and related financing activities:			
Cash received from grants and subsidies	25,238	-	25,238
Acquisition of capital assets	(1,012,348)	(491,269)	(1,503,617)
Principal retirement	(292,671)	(689,400)	(982,071)
Interest and fiscal charges	(65,862)	(402,075)	(467,937)
Net cash (used in) capital and related financing activities	(1,345,643)	(1,582,744)	(2,928,387)
Cash flows from investing activities:			
Interest received	-	136,577	136,577
Net cash provided by investing activities	-	136,577	136,577
Net increase (decrease) in cash and cash equivalents	(11,502)	145,226	133,724
Cash and cash equivalents at beginning of year	2,096,328	5,583,696	7,680,024
Cash and cash equivalents at end of year	$ 2,084,826	$ 5,728,922	$ 7,813,748

CITY OF VERMILION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Funds		
	Water	**Sewer**	**Total**
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 1,041,926	$ 915,607	$ 1,957,533
Adjustments:			
Depreciation	354,625	428,629	783,254
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Materials and supplies inventory	(3,434)	(6,830)	(10,264)
Accounts receivable	(184,414)	(166,528)	(350,942)
Special assessments	(3)	393,153	393,150
Prepayments	(5,638)	(6,340)	(11,978)
Net pension asset	8,328	6,855	15,183
Net OPEB asset	136,179	116,687	252,866
Deferred outflows - pension	(353,172)	(333,866)	(687,038)
Deferred outflows - OPEB	(73,954)	(69,686)	(143,640)
Accounts payable	59,602	7,231	66,833
Accrued wages and benefits	(1,212)	(323)	(1,535)
Intergovernmental payable	496	8,404	8,900
Compensated absences payable	15,386	3,686	19,072
Net pension liability	882,360	815,257	1,697,617
Net OPEB liability	25,955	23,441	49,396
Deferred inflows - pension	(462,336)	(427,715)	(890,051)
Deferred inflows - OPEB	(131,316)	(116,269)	(247,585)
Net cash provided by operating activities	$ 1,309,378	$ 1,591,393	$ 2,900,771

Non-cash transactions:
The water fund purchased $79,587 and $341,896 in capital assets on account in 2023 and 2022, respectively.

During 2023, the water fund received $25,238 in capital grants, which were recognized as receivables in 2022. Receivables in the amount of $8,413 have been recorded for capital grants in 2023 for the Water fund.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Custodial
Assets:	
Equity in pooled cash and cash equivalents.	$ 154,226
Cash in segregated accounts	18,045
Total assets	172,271
Liabilities:	
Due to other governments	22,354
Total liabilities	22,354
Net position:	
Restricted for individuals, organizations and other governments .	149,917
Total net position	$ 149,917

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF VERMILION, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Custodial
Additions:	
Fines and forfeitures for other governments	$ 541,784
Other custodial fund collections	124,710
Total additions	666,494
Deductions:	
Fines and forfeitures distributions to other governments . .	677,292
Other custodial fund disbursements	2,258
Total deductions	679,550
Net change in fiduciary net position	(13,056)
Net position beginning of year.	162,973
Net position end of year	$ 149,917

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CITY

The City of Vermilion (the "City") is a charter municipal corporation operating under the laws of the State of Ohio. Vermilion was incorporated as a City in 1962. The current charter provides for a council-mayor form of government. Legislative power is vested in a seven-member council, each elected to two-year terms. Five council members are elected from their ward with two elected at large. The four-year term mayor appoints department directors and public members of administrative bodies. The judge for the Vermilion Municipal Court is elected to a six-year term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The City provides various services including police protection, firefighting and prevention, emergency medical services, street maintenance and repairs, sanitation services, building inspection services, parks and recreation, water and sewer services, water safety and ice breaking services, cemeteries, and a municipal court. The operation of each of these activities is directly controlled by the council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

Component units are legally separate organizations for which the City, as the primary government, is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance 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 for which the City approves the budget, the issuance of debt, or the levying of taxes.

The Vermilion Municipal Court - The City budgets and appropriates funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court along with its share of the Court's administrative and operating costs are recorded pursuant to State law in the City's general fund. Due to this relationship, the Court is not considered a component unit of the City but rather as part of the primary government unit itself. Monies held by the Court in a fiduciary capacity are recorded as a custodial fund in the accompanying financial statements.

Based on the above criteria, the following organization is included in the City's financial statements as a discretely presented component unit.

The Vermilion Port Authority - Current state legislation provides for the Port Authority to operate as a separate body politic. The Vermilion Port Authority consists of five members appointed by the Mayor and approved by City Council. Monies are received and disbursed by the City's Finance Director on behalf of the Port Authority as directed by the five-member board.

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

The City's accounting system is organized and operated on the basis of funds. The operation of each fund is accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities, deferred inflows of resources and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are classified into three categories: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the City's major governmental funds:

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

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

Road Improvement Levy Fund - To account for expenditures on road improvements made from revenue derived from a .5% income tax levy.

VPD Station Construction Fund - To account for expenditures on construction of a police station made from revenue derived from a bond issuance.

Proprietary Funds **-** Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this approach, the focus is upon the determination of net income, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service:

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

Water Fund - This fund accounts for the revenues and expenses of the City owned water system.

Sewer Fund - This fund accounts for the revenues and expenses of the City owned sewer system.

Fiduciary Funds **-** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds accounts for municipal court's undistributed monies, and the collection of fees for commercial buildings and the state highway patrol and remitted to other governments.

D. Measurement Focus

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

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, all liabilities and deferred 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 increase (i.e., revenues) and decrease (i.e., expenses) in net total assets. The statement of cash flows provides information about the City finances and meets the cash flow needs of its proprietary activities. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, estate taxes, motel-hotel taxes, property taxes, estate taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes, estate taxes, and motel-hotel taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from the nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expense/Expenditures

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level of personal services, capital expenses, and other for all funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

Tax Budget **-** During the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources **-** The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2023.

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

Appropriations **-** A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and breakouts the personal services for each department in the general fund. The other funds show the amount for personal services and other. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

Encumbrances **-** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

G. Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, except for the claims rotary trust internal service fund and municipal court agency fund, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury. The cash of the municipal court custodial fund is included in this line item.

During 2023, investments were limited to negotiable certificates of deposits, port authority bond, federal agency securities, IBRD, U.S. government treasury notes, U.S. government money market and State Treasury Asset Reserve of Ohio (STAR Ohio). The federal agency securities held at year-end were issued from Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Bank (FFCB).

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

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.

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

For 2023, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. 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.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2023 amounted to $1,021,939, which includes $818,795 assigned from other City's funds.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and should be updated for additions and retirements during the year. Capital assets were initially determined at December 31, 1989, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain capital assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of $5,000 for the governmental activities. No capitalization threshold is used for the business-type activities. The City's infrastructure consists of roads, guardrails, bridges, water lines, sewer lines and storm water drainage. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. Depreciation is determined by allocating the cost of capital assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	20 Years	20 Years
Equipment	5 - 10 Years	5 - 10 Years
Land Improvements	10 - 20 Years	10 - 20 Years
Infrastructure	20 Years	5 - 50 Years
Intangible leased assets	5 Years	5 Years
Traffic Lights	20 Years	N/A
Vehicles	3 - 5 Years	3 - 5 Years

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

The City is reporting intangible right to use assets related to leased equipment, vehicles and subscription-based software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/agreement term or the useful life of the underlying asset.

I. Pension and Other Postemployment Benefits (OPEB)

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

The current accounting standard requires Cities to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the City. However, the City is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension/OPEB benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension/OPEB liability. The City has no control over the changes in the benefits, contributions rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension/OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the City's termination policy.

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension/OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

L. Interfund Transactions

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in the governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or advances to/from other funds for the noncurrent portion of interfund loans. These amounts are eliminated in the Statement of Net Position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances". Long-term advances between funds, as reported in the governmental fund financial statements, are often offset by a nonspendable fund balance classification in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water, sewer activities, and self-insurance program. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the fund. All revenues and expenses not meeting these definitions are classified as nonoperating.

N. Fund Balance

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

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, prepaid items, materials and supplies inventory, and endowments.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). 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 that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. The finance director is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

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

The City reported no significant net position balances restricted by enabling legislation. Net position restricted for other purposes primarily consists of balances restricted for operating expenses of the City's fire department and for capital improvements.

P. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For 2023, the City has implemented GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

These changes were incorporated in the City's 2023 financial statements. The City recognized $182,402 in governmental activities in subscriptions payable at January 1, 2023; $225,692 was offset by the intangible asset, right-to-use subscription assets, leaving an increase in net position at the beginning of the year of $43,290.

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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required for the implementation of GASB Statement No. 96 and the restatement of debt balances. Balances for the 2018 and 2019 Various Purpose Refunding Bonds, which are paid out of governmental funds and enterprise funds, were restated to reclassify the balances between funds in accordance with the debt payment schedules. The governmental activities and business-type activities have been restated as follows:

		Business-type Activities - Enterprise Funds		
	Governmental Activities	Water Fund	Sewer Fund	Total
Net position as previously reported	$ 23,484,591	$ 6,768,645	$ 763,115	$ 7,531,760
Adjustment for SBITAs	43,290	-	-	-
Adjustment for debt balances	131,250	(71,500)	(59,750)	(131,250)
Restated net position at January 1, 2023	$ 23,659,131	$ 6,697,145	$ 703,365	$ 7,400,510

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and the GAAP are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balance (GAAP basis).

4. Advances in and advances out ("repayment of advances") are nonoperating transactions (budget basis) and opposed to balance sheet transactions (GAAP basis).

5. Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	General Fund	Road Improvement Fund
Budget basis	$ 1,212,100	$ (884,609)
Net adjustment for revenue accruals	809,164	31,339
Net adjustment for expenditure accruals	(322,677)	(8,564)
Net adjustment for other uses	(343,893)	-
Funds budgeted elsewhere	174,709	-
Adjustment for encumbrances	274,594	592,034
GAAP basis	$ 1,803,997	$ (269,800)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current 5-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

3. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptances (for a period not to exceed one hundred eighty days and commercial paper notes (for a period not to exceed two hundred seventy days) in an mount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Deposits: At year-end, the carrying amount of the City's deposits was $1,558,503 and the bank balance was $1,829,940. At year-end, the bank balance was protected by pledged collateral for any uninsured amounts. In addition, at year-end, the City had $250 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

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NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Investments: Investments are reported at fair value. As of December 31, 2023, the City had the following investments:

		Investment Maturities				
Measurement/ Investment Type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
US Treasury Note	$ 5,952,831	$ 2,475,027	$ 194,126	$ 290,166	$ 185,610	$ 2,807,902
US Tresaury Bonds	491,419	129,165	-	82,878	-	279,376
Farmer Mac	135,643	-				135,643
Federal Farm	192,806	-				192,806
FFCB	3,244,881	1,735,512	292,511	372,277	231,338	613,243
FHLB	10,013,359	3,740,987	3,354,079	303,311	1,996,230	618,752
FHLMC	5,235,110	-	3,136,459	1,948,882	-	149,769
FMCC	388,623	-	-	-	388,623	-
FNMA	2,644,435	-	146,112	-	2,498,323	-
IBRD	92,480	-	-	-	-	92,480
Negotiable CDs	2,317,756	1,137,925	194,899	642,025	233,218	109,689
PEFCO	98,876					98,876
TVA	104,597					104,597
Port Authority Bond	866,696	-	-	-	-	866,696
US Government Money Market	10,375	10,375	-	-	-	-
Amortized Cost:						
STAR Ohio	241,211	241,211	-	-	-	-
Total	$ 32,031,098	$ 9,470,202	$ 7,318,186	$ 3,639,539	$ 5,533,342	$ 6,069,829

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. The preceding table identifies the City's recurring fair value measurement as of December 31, 2023. As previously discussed, Star Ohio is reported at its net asset value. All other investments of the City are valued using Level 2 inputs using valuations techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by: eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a lower rate if permitted by the Treasurer of State.

*Custodial Risk***:** For an investment, custodial risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities, held by the counterparty and not in the City's name, are the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and International Bank for Reconstruction and Development (IBRD). The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The City's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the City.

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The investments in FNMA, FHLMC, FHLB and FFCB are registered and carry a rating AA+ by Standard & Poor's. The City's investments in IBRD are rated AAA by Standard & Poor's. The City's investment in STAR Ohio has an AAAm credit rating. The City's investment in the Vermilion Port Authority bond is not rated.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2023:

Measurement/ Investment Type	Measurement Value	% of Total
Fair Value:		
US Treasury Note	$ 5,952,831	18.58%
US Treasury Bonds	491,419	1.54%
Farmer Mac	135,643	0.42%
Federal Farm	192,806	0.60%
FFCB	3,244,881	10.13%
FHLB	10,013,359	31.26%
FHLMC	5,235,110	16.34%
FMCC	388,623	1.21%
FNMA	2,644,435	8.26%
IBRD	92,480	0.29%
Negotiable CDs	2,317,756	7.24%
PEFCO	98,876	0.31%
TVA	104,597	0.33%
Port Authority Bond	866,696	2.71%
US Government Money Market	10,375	0.03%
Amortized Cost:		
STAR Ohio	241,211	0.75%
Total	$ 32,031,098	100.00%

Reconciliation of Cash to the Statement of Net Position: The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of December 31, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 1,558,503
Investments	32,031,098
Cash on hand	250
Total	$ 33,589,851
Cash per statement of net position	
Governmental activities	$ 25,603,832
Business-type activities	7,813,748
Custodial funds	172,271
Total	$ 33,589,851

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of the 2022 taxes. Property tax payments received during 2023 for tangible personal property (other than public utility property) is for 2022 taxes.

2022 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35% of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2022 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2023 was $11.75 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

	Erie County	Lorain County
Real estate		
Residential/agricultural/other	$ 141,434,570	$ 157,151,970
Commercial/industrial	13,657,040	21,929,250
Public utility	39,630	72,630
Tangible personal property		
Public utility	3,029,000	3,648,010
Total	$ 158,160,240	$ 182,801,860

B. Income Taxes

The City levies a municipal income tax of 1.5% on all salaries, wages, commission and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit not to exceed 100% of the tax paid to another municipality by the lower of the tax rate in such municipality or the rate of .5%.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Regional Income Tax Agency (RITA) is the City's collection agent for its local income tax. Income tax proceeds are receipted to the general fund and the road improvement levy fund.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts (billing for user charged services), intergovernmental receivables, and special assessments. All receivables are considered fully collectible in full due to the ability to foreclose for the nonpayment of taxes.

A summary of the principal items of intergovernmental receivables follows:

NOTE 7 – RECEIVABLES – (Continued)

	Governmental activities
Gasoline tax	$ 322,584
Local government	141,850
Permissive tax	22,935
Homestead/rollback	231,894
Motor vehicle registration	44,692
Federal and State grants	649,126
Other	28,346
Total intergovernmental receivable	$ 1,441,427

NOTE 8 - COMPENSATED ABSENCES

Employees earn vacation and sick leave at different rates which is also affected by length of service. Vacation cannot be carried over for use in the following year. Sick leave accrual is continuous, without limit. Overtime worked is always paid to employees on the paycheck for the period in which it was worked. Upon retirement or death, employees (or the employees' estates) are paid for their accumulated leave with 1,000 hours being the maximum amount paid, except for patrolmen. Full-time patrolmen are paid for one half of their accumulated leave with 1,000 hours being the maximum amount paid. Part-time patrolmen and dispatchers who retire after accumulating 10 years in the Ohio Public Employees Retirement System are paid one half of their accumulated leave with 1,000 hours being the maximum amount paid. Upon retirement, accrued vacation is paid for the time the employees have earned but not used.

The current portion of unpaid compensated absences is recorded as a current liability on the fund financial statements in the fund from which the employees who have accumulated unpaid leave are paid. On the government-wide statements, the entire amount of compensated absences is reported as a liability. As of December 31, 2023, the liability for long-term unpaid compensated absences was $416,144 for the governmental activities, which would be paid from the general fund and the street maintenance and repair fund. The liability for long-term unpaid compensated absences for business-type activities was $149,089 which would be paid from water and sewer fund.

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NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Restated Balance 1/1/2023	Additions	Deductions	Balance 12/31/2023
Capital assets, not being depreciated/amortized:				
Land	$ 3,870,430	$ -	$ -	$ 3,870,430
Construction in progress	773,585	1,014,035	(1,114,912)	672,708
Total capital assets, not being depreciated/amortized	4,644,015	1,014,035	(1,114,912)	4,543,138
Capital assets, being depreciated/amortized:				
Buildings	8,005,746	-	-	8,005,746
Equipment	2,372,534	521,869	-	2,894,403
Infrastructure	22,584,220	724,068	-	23,308,288
Land improvements	2,532,304	1,767,284	-	4,299,588
Traffic lights	1,216,320	-	-	1,216,320
Vehicles	5,052,586	296,201	-	5,348,787
Right to use - Equipment	20,568	-	-	20,568
Right to use - Vehicles	293,748	-	-	293,748
Intangible right to use - Software	225,692	107,405	-	333,097
Total capital assets, being depreciated/amortized	42,303,718	3,416,827	-	45,720,545
Less: accumulated depreciated/amortization				
Buildings	(2,744,532)	(158,737)	-	(2,903,269)
Equipment	(1,587,729)	(99,431)	-	(1,687,160)
Infrastructure	(16,409,764)	(405,230)	-	(16,814,994)
Land improvements	(2,344,244)	(33,070)	-	(2,377,314)
Traffic lights	(413,564)	(57,340)	-	(470,904)
Vehicles	(4,125,884)	(143,357)	-	(4,269,241)
Right to use - Equipment	(1,959)	(3,918)	-	(5,877)
Right to use - Vehicles	(23,500)	(140,999)	-	(164,499)
Intangible right to use - Software	-	(66,601)	-	(66,601)
Total accumulated depreciation/amortization	(27,651,176)	(1,108,683)	-	(28,759,859)
Governmental activities capital assets, net	$ 19,296,557	$ 3,322,179	$ (1,114,912)	$ 21,503,824

Depreciation/amortization expense was charged to governmental functions as follows:

Governmental activities:	
General government	$ 313,974
Security of persons and property - police	353,473
Security of persons and property - fire	66,701
Public health and welfare	21,893
Transportation	271,159
Leisure time activities	68,412
Utility services	13,071
Total depreciation/amortization expense - governmental activities	$ 1,108,683

NOTE 9 – CAPITAL ASSETS – (Continued)

Capital asset activity of the business-type activities for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions	Deductions	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	$ 258,003	$ -	$ -	$ 258,003
Construction in progress	914,224	125,874	(1,040,098)	-
Total capital assets, not being depreciated	1,172,227	125,874	(1,040,098)	258,003
Capital assets, being depreciated:				
Buildings	12,800,750	-	-	12,800,750
Equipment	9,888,861	116,296	-	10,005,157
Infrastructure	14,589,073	2,054,188	-	16,643,261
Land improvements	101,179	-	-	101,179
Vehicles	930,833	30,000	-	960,833
Total capital assets, being depreciated	38,310,696	2,200,484	-	40,511,180
Less: accumulated depreciated				
Buildings	(12,133,286)	(68,124)	-	(12,201,410)
Equipment	(7,471,775)	(293,467)	-	(7,765,242)
Infrastructure	(5,806,505)	(336,999)	-	(6,143,504)
Land improvements	(98,746)	(811)	-	(99,557)
Vehicles	(613,106)	(83,853)	-	(696,959)
Total accumulated depreciation	(26,123,418)	(783,254)	-	(26,906,672)
Business-type activities capital assets, net	$ 13,359,505	$ 1,543,104	$ (1,040,098)	$ 13,862,511

Depreciation expense was charged to business-type activities as follows:

Business-type activities	
Water	$ 354,625
Sewer	428,629
Total depreciation expense - business-type activities	$ 783,254

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NOTE 10 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the City has reported obligations for SBITA payable which are reflected in the schedule below. The City's long-term obligations at year-end and a schedule of current year activity follow:

Governmental activities:	Restated Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Amounts Due in One Year
General obligation bonds:					
2018 Various Purpose Bonds	$ 2,487,500	$ -	$ (194,000)	$ 2,293,500	$ 202,000
Premium	29,902	-	(3,316)	26,586	-
2019 Various Purpose Refunding Bonds	193,250	-	(38,000)	155,250	37,750
2019 Fire Station Improvement, 3-4%	3,725,000	-	(95,000)	3,630,000	95,000
Premium	40,099	-	(2,530)	37,569	-
2020 Various Purpose Refunding Bonds	1,395,000	-	(95,000)	1,300,000	105,000
Premium	45,023	-	(4,540)	40,483	-
2022 Various Purpose Bonds	7,055,000	-	(125,000)	6,930,000	160,000
Premium	228,598	-	(7,162)	221,436	-
Total general obligations bonds	15,199,372	-	(564,548)	14,634,824	599,750
Special assessment bonds:					
2011 Refunding - Edson Street, 2-3.85%	365,000	-	(35,000)	330,000	35,000
Premium	965	-	(185)	780	-
2018 Various Purpose Refunding Premium	1,490	-	(993)	497	-
2020 Various Purpose Refunding Lagoons	400,000	-	(35,000)	365,000	35,000
Premium	13,193	-	(1,330)	11,863	-
Total special assessment bonds	780,648	-	(72,508)	708,140	70,000
Ohio Public Works (OPWC) Loans (Direct Borrowings):					
Hollyview Drive Reconstruction - CE33V	123,750	-	(6,875)	116,875	6,875
Mapleview Drive Reconstruction - CE12X-0	134,062	-	(6,875)	127,187	6,875
Highbridge Road Reconstruction - CE26W	67,157	-	(3,534)	63,623	3,535
Total OPWC	324,969	-	(17,284)	307,685	17,285
Other long-term obligations:					
Direct Placement Bonds:					
2021 Storm Water System Improvement Bonds, 2.475%	1,187,000	-	(53,000)	1,134,000	54,000
2021 Recreational Facilities Improvement Bonds, 2.2%	525,000	-	(35,000)	490,000	36,000
Lease Payable	206,660	-	(93,234)	113,426	102,236
Financed Purchases - Notes Payable	49,733	-	(12,974)	36,759	36,759
SBITA Payable	182,402	102,165	(89,083)	195,484	64,806
Compensated Absences	368,214	172,064	(124,134)	416,144	140,292
Police Unfunded Pension Liability	40,712	-	(2,540)	38,172	2,649
Net Pension Liability:					
OPERS	1,160,158	2,627,577	-	3,787,735	-
OP&F	2,954,581	1,487,688	-	4,442,269	-
Net OPEB Liability					
OPERS	-	76,897	-	76,897	-
OP&F	518,370	-	(185,413)	332,957	-
Total other long-term obligations	7,192,830	4,466,391	(595,378)	11,063,843	436,742
Total governmental activities long-term obligations	$ 23,497,819	$ 4,466,391	$ (1,249,718)	$ 26,714,492	$ 1,123,777

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Business-type activities:	Restated Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Amounts Due in One Year
General obligation bonds:					
Water fund:					
2012 Water System Refunding, 2.75-4%	$ 275,000	$ -	$ (50,000)	$ 225,000	$ 55,000
Premium	858	-	(279)	579	-
2011 Water Improvement Bonds, 2-3.85%	155,000	-	(15,000)	140,000	15,000
Premium	399	-	(75)	324	-
2018 Various Purpose Refunding Bonds	189,000	-	(14,500)	174,500	15,000
Premium	4,349	-	(2,858)	1,491	-
2019 Various Purpose Refunding Bonds	325,500	-	(45,000)	280,500	44,000
2020 Water System Improvement Bonds - 2.0-5.0%	932,500	-	(120,000)	812,500	125,000
Premium	49,797	-	(7,200)	42,597	-
2020 General Obligation Refunding - Water 1.0-4.0%	310,000	-	(35,000)	275,000	35,000
Total water fund general obligations bonds	2,242,403	-	(289,912)	1,952,491	289,000
Sewer fund:					
2005 Sunny Side Sanitary Sewer, 4.9%	81,635	-	(25,335)	56,300	28,150
2018 Various Purpose Refunding Bonds	468,500	-	(36,500)	432,000	38,000
Premium	8,473	-	(5,607)	2,866	-
2019 Various Purpose Bonds	370,250	-	(51,000)	319,250	50,250
2020 Various Purpose Refunding Bonds - 1.0-4.0%	160,000	-	(10,000)	150,000	15,000
Premium	4,093	-	(413)	3,680	-
2020 Water System Improvement Bonds - 2.0-5.0%	932,500	-	(120,000)	812,500	125,000
Premium	49,797	-	(7,200)	42,597	-
2020 Sewer System Improvement Bonds - 2.0-5.0%	4,265,000	-	(50,000)	4,215,000	70,000
Premium	78,921	-	(2,473)	76,448	-
Total sewer fund general obligations bonds	6,419,169	-	(308,528)	6,110,641	326,400
Total general obligations bonds	8,661,572	-	(598,440)	8,063,132	615,400
Special assessment bonds:					
Sewer fund:					
2005 Sunny Side Sanitary SA 4.9%	63,365	-	(19,665)	43,700	21,850
2018 Various Purpose Refunding Premium	2,238	-	(1,492)	746	-
2020 Refunding - SS Subsystem K SA, 1.0-4.0%	1,015,000	-	(135,000)	880,000	140,000
Premium	30,454	-	(3,071)	27,383	-
Total special assessment bonds	1,111,057	-	(159,228)	951,829	161,850
Ohio Water Development Authority (OWDA) Loans:					
Sewer fund (Direct Borrowings):					
2011 WWTP Bio-solids Dewatering Facility, 2.62%	352,919	-	(35,256)	317,663	36,186
2012 Primary Clarifier Improvements, 2.80%	67,737	-	(5,958)	61,779	6,126
2012 Elberta Beach SSO Elimination, 2.48%	912,170	-	(69,461)	842,709	71,194
2015 River Pump Station, 2.78%	2,076,181	-	(118,054)	1,958,127	121,359
Total OWDA loans	3,409,007	-	(228,729)	3,180,278	234,865

(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Business-type activities (continued):	Restated Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Amounts Due in One Year
Other long-term obligations:					
Financed Purchase - Water	50,657	-	(13,171)	37,486	37,486
Financed Purchase- Sewer	50,657	-	(13,171)	37,486	37,486
Compensated Absences	130,013	62,901	(43,830)	149,084	50,260
Net Pension Liability	735,486	1,697,617	-	2,433,103	-
Net OPEB Liability	-	49,396	-	49,396	-
Total other long-term obligations	966,813	1,809,914	(70,172)	2,706,555	125,232
Total business-type activities long-term obligations	$ 14,148,449	$ 1,809,914	$ (1,056,569)	$ 14,901,794	$ 1,137,347

On November 1, 2022, the City issued $11,320,000 in Various Purpose Improvement Bonds. This issuance included sewer bonds and general obligation bonds. The interest rate on these bonds are 4.0% - 5.5%.

On February 16, 2021, the City issued $597,000 in recreational facilities improvement bonds. These bonds were issued for the purpose of improving the City's park and recreational facilities. The interest rate on these bonds are 2.2%. These bonds were direct placement debt purchased by Huntington Public Capital Corporation and are to be paid from the proceeds of the levy of ad valorem taxes.

On May 27, 2021, the City issued $1,305,000 in storm water system improvement bonds. These bonds were issued for the purpose of improving the City's storm water management system. The interest rate on these bonds are 2.475%. These bonds were direct placement debt purchased by Sterling National Bank and are to be paid from the proceeds of the levy of ad valorem taxes.

During 2020, the City issued $3,745,000 in Various Purpose Refunding Bonds. This issuance included water refunding bonds, sewer refunding bonds, special assessment refunding bonds, and general obligation bonds. The interest rate on these bonds are 1.0% - 4.0%. The difference between the reacquisition price and the net carrying amount of the old debt will be amortized over the life of the new debt. The City refunded the old bonds to reduce their total debt service payments over the next ten years.

During 2020, the City issued $2,200,000 in series 2020 Water System Improvement Bonds for the purpose of paying costs of acquiring and installing metering system equipment and technological improvements for the Water and Sewer funds. The interest rate on these bonds are 2.0% - 5.0%. The final maturity is December 1, 2029.

During 2019, the City issued, at par, $1,206,000 Various Purpose Refunding Bonds with an interest rate of 2.26% to be used for the refunding of the 2009 Various Purpose Bonds. The proceeds of the new bonds, except those amounts used to cover the cost of issuance, were placed in an escrow account to repay $1,155,000 of old bonds were called for redemption on December 1, 2019. The difference between the reacquisition price and the net carrying amount of the old debt was not significant and expensed. The City refunded the old bonds to reduce their total debt service payments over the next ten years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $84,135.

During 2019, the City issued $4,000,000 of Fire Station Improvement Bonds with an average interest rate of 3- 4% and maturing December 1, 2043. The bonds were sold for a premium of $48,064 and the proceeds are being used for the design and construction of a new Fire Station No. 1.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

During 2019 through 2021, the City received interest-free loan proceeds from the Ohio Public Works Commission (OPWC). These loans are direct borrowing. The $137,500 loan for Hollyview Drive Reconstruction is scheduled to be paid back in equal installments over 20 years. The $70,692 Highbridge Road Reconstruction is scheduled to be repaid in installments over 20 years. The $137,500 Mapleview Drive Reconstruction is scheduled to be repaid in installments over 20 years. The OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

During 2018, the City issued $3,970,000 Various Purpose Bonds and Refunding Bonds with an average interest rate of 3-5% to current refund the 2004 Various Purpose General Obligation Bonds. As of December 31, 2018, all of the old bonds that were refunded have been called. The outstanding obligations are to be paid from the general obligation debt service fund, the special assessment bond retirement fund, the water fund and the sewer fund.

The 2018 Various Purpose Refunding bonds were used to refund the $1,195,000 of the 2004 General Obligation bonds, which were called for December 19, 2018 to be redeemed. The bonds consisted of new bonds as well as refunding bonds. The bond proceeds for the refunding portion consisted of bond principal of $1,165,000 and $106,641 of premium. The new bond proceeds consisted of bond principal of $2,805,000 and $42,916 of premium. The net proceeds of $1,223,916 (after payment of underwriting fees, insurance, and other issuance costs) was deposited in an irrevocable trust with an escrow agent to provide for retirement of principal and interest due in December 2018. As a result, the bonds are considered to be defeased and the liability is not reported by the City. The difference between the reacquisition price and the net carrying amount of the old debt was not significant and expensed. The City refunded the old bonds to reduce their total debt service payments over the next seventeen years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $46,274.

In 2019, the City entered into a financed purchase agreement for the purchase of a Vactor Combination Sewer Cleaner Vehicle. This liability is paid from the Water, Sewer and Refuse fund (a nonmajor governmental fund).

The 2011 OWDA loan carrying a 2.62% interest rate was issued for the wastewater treatment plant bio-solids dewatering facilities project. The first principal payment was made January 1, 2012. Current operations are expected to provide cash flows for the repayment of this loan.

The 2012 OWDA loan carrying a 2.80% interest rate was issued for the primary clarifier improvements project. The first principal payment was made January 1, 2013. Current operations are expected to provide cash flows for the repayment of this loan.

The 2012 OWDA loan carrying a 2.48% interest rate was issued for the Elberta Beach SSO elimination project. The first principal payment was made July 1, 2014. Current operations are expected to provide cash flows for the repayment of this loan.

The 2015 OWDA loan carrying a 2.78% interest rate was issued for the River Pump Station project. Current operations are expected to provide cash flows for the repayment of this loan.

The OWDA loans are direct borrowings. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The City has upcoming capital improvement projects for Sanitary Sewer System and Water Pollution Control Facility improvements with planning expenses that will be funded through OWDA loans of $2,400,000 and $4,500,000, respectively. Repayments will be made out of the sewer fund and none of the loan amounts were disbursed by the end of 2023.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

The City pays installments on the police unfunded accrued pension liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The liability is payable semiannually from taxes receipted in the police pension special revenue funds.

Compensated absences will be paid from the fund from which the employees' salaries are paid. The City pays net pension/OPEB liability obligations from the fund benefitting from employee services.

The enterprise related general obligation bonds, refunding bonds and OWDA loans will be paid from water and sewer fund user charges.

Leases Payable - The City has entered into lease agreements for the use of right to use equipment and vehicles. The City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier equipment and vehicles at varying years and terms as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier Equipment	2022	6	2027	Monthly
Vehicles	2022	3	2024	Monthly

SBITA Payable - The City has entered into agreements for the right to use software. Per GASB Statement No. 96, the City reports an intangible capital asset and corresponding liability for future scheduled payments under the agreement.

The principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2023, are as follows:

Governmental Activities

	General Obligation Bonds			Special Assessment Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 599,750	$ 569,559	$ 1,169,309	$ 70,000	$ 17,593	$ 87,593
2025	561,500	542,606	1,104,106	80,000	14,967	94,967
2026	582,750	524,024	1,106,774	85,000	13,168	98,168
2027	610,750	504,813	1,115,563	80,000	11,317	91,317
2028	629,500	484,416	1,113,916	85,000	9,378	94,378
2029 - 2033	3,230,000	2,089,440	5,319,440	295,000	14,955	309,955
2034 - 2038	2,617,500	1,525,350	4,142,850	-	-	-
2039 - 2043	2,477,000	955,198	3,432,198	-	-	-
2044 - 2048	1,870,000	483,230	2,353,230	-	-	-
2049 - 2052	1,130,000	116,278	1,246,278	-	-	-
	$ 14,308,750	$ 7,794,914	$ 22,103,664	$ 695,000	$ 81,378	$ 776,378

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	OPWC Loan			Ohio Police and Fire Pension Liability		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 17,285	$ -	$ 17,285	$ 2,649	$ 1,594	$ 4,243
2025	17,284	-	17,284	2,763	1,480	4,243
2026	17,285	-	17,285	2,882	1,361	4,243
2027	17,284	-	17,284	3,005	1,238	4,243
2028	17,285	-	17,285	3,135	1,108	4,243
2029 - 2033	86,422	-	86,422	17,812	3,405	21,217
2034 - 2038	86,423	-	86,423	5,926	252	6,178
2039 - 2042	48,417	-	48,417	-	-	-
	$ 307,685	$ -	$ 307,685	$ 38,172	$ 10,438	$ 48,610

	Direct Placement Bonds			Financed Purchases - Notes Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 90,000	$ 38,944	$ 128,944	$ 36,759	$ 1,046	$ 37,805
2025	93,000	36,808	129,808	-	-	-
2026	95,000	34,601	129,601	-	-	-
2027	98,000	32,347	130,347	-	-	-
2028	99,000	30,022	129,022	-	-	-
2029 - 2033	533,000	113,681	646,681	-	-	-
2034 - 2038	457,000	50,340	507,340	-	-	-
2039 - 2040	159,000	5,915	164,915	-	-	-
	$ 1,624,000	$ 342,658	$ 1,966,658	$ 36,759	$ 1,046	$ 37,805

	Leases Payable			SBITA Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 102,236	$ 10,178	$ 112,414	$ 64,806	$ 4,926	$ 69,732
2025	3,959	291	4,250	63,992	3,499	67,491
2026	4,084	166	4,250	51,097	1,782	52,879
2027	3,147	41	3,188	15,589	391	15,980
	$ 113,426	$ 10,676	$ 124,102	$ 195,484	$ 10,598	$ 206,082

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities

	General Obligation Bonds			Special Assessment Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 615,400	$ 312,024	$ 927,424	$ 161,850	$ 15,526	$ 177,376
2025	616,650	285,141	901,791	166,850	8,856	175,706
2026	611,250	265,869	877,119	145,000	6,335	151,335
2027	631,250	249,955	881,205	145,000	4,885	149,885
2028	580,500	233,301	813,801	150,000	3,435	153,435
2029 - 2033	1,307,000	984,362	2,291,362	155,000	1,860	156,860
2034 - 2038	742,500	799,640	1,542,140	-	-	-
2039 - 2043	798,000	614,804	1,412,804	-	-	-
2044 - 2048	1,000,000	382,464	1,382,464	-	-	-
2049 - 2052	990,000	117,244	1,107,244	-	-	-
	$ 7,892,550	$ 4,244,804	$ 12,137,354	$ 923,700	$ 40,897	$ 964,597

	OWDA Loans			Financed Purchases - Notes Payable		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 234,865	$ 83,832	$ 318,697	$ 74,972	$ 2,190	$ 77,162
2025	241,165	77,532	318,697	-	-	-
2026	247,634	71,063	318,697	-	-	-
2027	254,280	64,418	318,698	-	-	-
2028	261,103	57,595	318,698	-	-	-
2029 - 2033	1,316,291	180,839	1,497,130	-	-	-
2034 - 2037	624,940	33,236	658,176	-	-	-
	$ 3,180,278	$ 568,515	$ 3,748,793	$ 74,972	$ 2,190	$ 77,162

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual 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
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. 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 20.00% 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 and will continue to be administered by OPERS), 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.

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2023 Actual Contribution Rates		
Employer:		
	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $503,850 for 2023. Of this amount, $46,516 is reported as due to other governments.

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

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

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

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

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

NOTE 11 - 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 OP&F was $286,283 for 2023. Of this amount, $42,230 is reported as due to other governments.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was $38,172 payable in semi-annual payments through the year 2035.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.021788%	0.017455%	0.000513%	0.0472928%	
Proportion of the net pension liability/asset current measurement date	0.021059%	0.012454%	0.001822%	0.0467655%	
Change in proportionate share	-0.000729%	-0.005001%	0.001309%	-0.0005273%	
Proportionate share of the net pension liability	$ 6,220,838	$ -	$ -	$ 4,442,269	$ 10,663,107
Proportionate share of the net pension asset	-	(29,354)	(142)	-	(29,496)
Pension expense	852,881	3,763	(14)	520,069	1,376,699

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 206,630	$ 1,805	$ 411	$ 66,631	$ 275,477
Net difference between projected and actual earnings on pension plan investments	1,773,135	10,698	67	646,738	2,430,638
Changes of assumptions	65,719	1,941	8	400,680	468,348
Changes in employer's proportionate percentage/ difference between employer contributions	8,150	-	-	3,979	12,129
Contributions subsequent to the measurement date	495,573	6,735	1,544	286,283	790,135
Total deferred outflows of resources	$ 2,549,207	$ 21,179	$ 2,030	$ 1,404,311	$ 3,976,727

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ -	$ 4,188	$ -	$ 101,209	$ 105,397
Changes of assumptions	-	-	-	86,623	86,623
Changes in employer's proportionate percentage/ difference between employer contributions	72,334	-	-	140,821	213,155
Total deferred inflows of resources	$ 72,334	$ 4,188	$ -	$ 328,653	$ 405,175

$790,135 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:					
2024	$ 197,881	$ 436	$ 68	$ 54,170	$ 252,555
2025	392,896	1,973	74	180,597	575,540
2026	521,920	2,730	74	216,537	741,261
2027	868,604	4,604	82	353,051	1,226,341
2028	-	(17)	49	(14,980)	(14,948)
Thereafter	-	530	139	(1)	668
Total	$ 1,981,301	$ 10,256	$ 486	$ 789,374	$ 2,781,417

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
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 of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit 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 (Geometric)
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/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 9,318,608	$ 6,220,838	$ 3,644,049
Combined Plan	(15,318)	(29,354)	(40,476)
Member-Directed Plan	(91)	(142)	(182)

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F'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 OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful lives of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

Health Mortality

Mortality for service retirees 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.

Disabled Mortality

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.

Contingent Annuitant Mortality

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.

Pre-Retirement Mortality

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, 2021.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 OP&F's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
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	125.00 %	

Note: assumptions are geometric.
* levered 2x
** Numbers are net of expected inflation.

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 5,860,210	$ 4,442,269	$ 3,263,535

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 11 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $1,739 for 2023. Of this amount, $161 is reported as due to other governments.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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.

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was $7,434 for 2023. Of this amount, $1,097 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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 was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.020808%	0.0472928%	
Proportion of the net OPEB liability current measurement date	0.020030%	0.0467655%	
Change in proportionate share	-0.000778%	-0.0005273%	
Proportionate share of the net OPEB liability	$ 126,293	$ 332,957	$ 459,250
OPEB expense	(231,300)	52,542	(178,758)

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 19,870	$ 19,870
Net difference between projected and actual earnings on OPEB plan investments	250,818	28,561	279,379
Changes of assumptions	123,353	165,929	289,282
Changes in employer's proportionate percentage/ difference between employer contributions	1,615	128,448	130,063
Contributions subsequent to the measurement date	1,739	7,435	9,174
Total deferred outflows of resources	$ 377,525	$ 350,243	$ 727,768

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 31,502	$ 65,652	$ 97,154
Changes of assumptions	10,150	272,330	282,480
Changes in employer's proportionate percentage/ difference between employer contributions	4,279	20,618	24,897
Total deferred inflows of resources	$ 45,931	$ 358,600	$ 404,531

$9,174 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	$ 40,218	$ 20,373	$ 60,591
2025	90,258	21,177	111,435
2026	78,213	7,006	85,219
2027	121,167	13,931	135,098
2028	-	(10,073)	(10,073)
Thereafter	-	(68,207)	(68,207)
Total	$ 329,856	$ (15,793)	$ 314,063

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% 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.

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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected 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 real rates of return were provided by the Board's 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 (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	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% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	$ 429,844	$ 126,293	$ (124,186)

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - 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 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$ 118,377	$ 126,293	$ 135,203

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees 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.

Disabled Mortality

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.

Contingent Annuitant Mortality

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.

Pre-Retirement Mortality

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, 2021.

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
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	125.00 %	

Note: assumptions are geometric.
* levered 2x
** Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27%, 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%), or one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	$ 410,005	$ 332,957	$ 267,908

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

NOTE 13 - RISK MANAGEMENT

The City of Vermilion is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City purchases commercial insurance coverage for protection against this risk exposure.

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the City did not reduce its limits of liability during 2023.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

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NOTE 14 – INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported in the fund financial statements:

Transfers from the general fund to:	Amount
Nonmajor governmental funds	$ 336,050

Transfers from the general fund were used to move unrestricted revenues collected in order to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

B. Interfund Loans

Interfund loans for the year ended December 31, 2023, consisted of the following, as reported in the fund financial statements:

Interfund loans from the general fund to:	Amount
Water Enterprise Fund	58,413
Nonmajor governmental funds	32,744
Total	$ 91,157

Interfund loans from the general fund were used to fund various projects before the receipt of grants or other sources of revenue. These loans are expected to be repaid within one year.

Interfund loans between governmental funds are eliminated on the government-wide financial statements.

C. Advances To/From Other Funds

In prior years, the general fund advanced $20,000 to the water fund to fund the various capital projects and administration support before the receipts of grants or other sources of revenue. The outstanding advance is $20,000 and is not expected to be repaid within one year.

NOTE 15 – COMMITMENTS

Other Commitments

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

Fund	Year-End Encumbrances
General Fund	$ 290,819
Road Improvement Levy	583,470
VPD Construction Fund	285,385
Nonmajor governmental	514,206
Total	$ 1,673,880

NOTE 16 – FUND BALANCE

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

Fund balance	General	Road Improvement Levy	VPD Station Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	$ -	$ -	$ -	$ 38,824	$ 38,824
Prepaids	43,579	-	-	14,578	58,157
Unclaimed funds	26,540	-	-	-	26,540
Total nonspendable	70,119	-	-	53,402	123,521
Restricted:					
Street construction and maintenance	-	2,038,300	-	668,685	2,706,985
Court activities	-	-	-	446,287	446,287
Public safety	-	-	-	2,745,343	2,745,343
Public health	-	-	-	57,371	57,371
Recreation	-	-	-	383,544	383,544
Debt service	-	-	-	490,536	490,536
Capital improvements	-	-	4,029,999	6,387,176	10,417,175
Cemetery operations	-	-	-	51,943	51,943
Coronavirus relief				76,596	76,596
Other purposes	-	-	-	60,023	60,023
Total restricted	-	2,038,300	4,029,999	11,367,504	17,435,803
Committed:					
Cemetery operations	-	-	-	69,532	69,532
Recreation	-	-	-	11,049	11,049
Storm water	-	-	-	1,192,506	1,192,506
Sanitation	-	-	-	825,246	825,246
Total committed	-	-	-	2,098,333	2,098,333
Assigned:					
Public safety	2,221	-	-	-	2,221
General government	134,787	-	-	-	134,787
Other purposes	104	-	-	-	104
Capital projects	119,058	-	-	-	119,058
Total assigned	256,170	-	-	-	256,170
Unassigned	6,879,450	-	-	-	6,879,450
Total fund balances	$ 7,205,739	$ 2,038,300	$ 4,029,999	$ 13,519,239	$ 26,793,277

NOTE 17 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2023.

B. Litigation

The City is not involved in any pending litigation.

NOTE 18 – TAX ABATEMENTS

The City was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these type of agreements. Taxes can be abated up to 100% for up to 12 years.

The City had two parcels of land that received tax abatement through the Enterprise Zone Program. The total abated value of property for 2023 was $491,820.

NOTE 19 – CITY OF VERMILION PORT AUTHORITY

A. Description of the Entity

The City of Vermilion Port Authority (the "Port Authority") is a body politic and corporate established to promote, develop and advance the general welfare, commerce, and economic development of the City and its citizens, and to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is directed by a five-member Board appointed by the Mayor of Vermilion. The Port Authority is a component unit of the City due to it being economically dependent on the City for operating subsidies. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed by an ordinance of the Council of the City of Vermilion in February 1968 and the City acts as their fiscal agent.

B. Basis of Accounting

The Port Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income and financial position. All transactions are accounted for in a single enterprise fund.

C. Fund Accounting

The Port Authority maintains a general operating fund to account for all financial resources. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

NOTE 19 – CITY OF VERMILION PORT AUTHORITY – (Continued)

D. Budgetary Process

Budget - Ohio Revised Code Section 4582.13, requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

Encumbrances - The Port Authority reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and are not reappropriated.

E. Property, Plant and Equipment

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values on the date received. The Port Authority does not have a minimum capitalization threshold. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciated is computed using the straight-line method over the following useful lives:

	Estimated Lives
Land Improvements	5 - 50 Years
Buildings	20 - 50 Years
Vehicles	5 - 25 Years
Equipment	5 - 15 Years

F. Deposits and Investments

The investment and deposit of Port Authority moneys are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Port Authority to invest its moneys in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio), and obligations of the United States government and certain agencies thereof.

The Port Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public moneys on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Port Authority's name.

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned. For 2023, all of the Port Authority's deposits were held by the City and part of their pooled cash and investments. All risks of the Port Authority's deposits are disclosed as part of the City's disclosure as the City is their fiscal agent.

NOTE 19 – CITY OF VERMILION PORT AUTHORITY – (Continued)

G. Capital Assets

As of December 31, 2023, the Port Authority owned land valued at $1,059,388. In addition, depreciable capital assets are being reported as $678,889 net of accumulated depreciation at year-end. Depreciation expense of $32,284 was reported for 2023 with a total accumulated depreciation of $823,881.

The capital asset activity for the year ended December 31, 2023 was as follows:

	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Capital assets, not being depreciated:				
Land	$ 1,059,388	$ -	$ -	$ 1,059,388
Total capital assets, not being depreciated	1,059,388	-	-	1,059,388
Capital assets, being depreciated:				
Land improvements	1,341,123	-	-	1,341,123
Buildings	116,698	-	-	116,698
Equipment	44,949	-	-	44,949
Total capital assets, being depreciated	1,502,770	-	-	1,502,770
Less: accumulated depreciation				
Land improvements	(685,892)	(29,058)	-	(714,950)
Buildings	(63,236)	(2,837)	-	(66,073)
Equipment	(42,469)	(389)	-	(42,858)
Total accumulated depreciation	(791,597)	(32,284)	-	(823,881)
Total capital assets being depreciated, net	711,173	(32,284)	-	678,889
Total capital assets, net	$ 1,770,561	$ (32,284)	$ -	$ 1,738,277

H. Long-term Obligations

During 2000 and 2010, the Port Authority borrowed from the City with a collateralized bond. This $882,527 bond is carrying an interest rate of 5.50% and $14,563 is due within one year. This bond was used in the financing of acquiring, constructing, installing, equipping or improving "Port Authority facilities," as defined by Section 4582.01 of the Ohio Revised Code. This bond is a special obligation of the Port Authority, and the principal and interest on this bond are payable solely from "Available Monies" and are secured by a pledge of the "Pledged Revenues", all as defined and provided in the Resolution.

The long-term debt activity for the year ended December 31, 2023 was as follows:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023	Amount Due in One Year
Note Payable Due to City	$ 882,527	$ -	$ (15,831)	$ 866,696	$ 17,152

NOTE 19 – CITY OF VERMILION PORT AUTHORITY – (Continued)

The following is a summary of the Port Authority's future annual debt service requirements to the City:

Year Ended	Principal	Interest	Total
2024	$ 17,152	$ 17,338	$ 34,490
2025	18,530	16,995	35,525
2026	19,966	16,624	36,590
2027	21,463	16,225	37,688
2028	23,023	15,795	38,818
2029 - 2033	140,877	71,400	212,277
2034 - 2038	190,688	55,397	246,085
2039 - 2040	434,997	11,305	446,302
Total	$ 866,696	$ 221,079	$ 1,087,775

I. Related Party Transactions

As mentioned above, during 2000 and 2010, the Port Authority borrowed $985,000 and $71,538, respectively, from the City to acquire land and existing structures. The Port Authority provided a bond for this transaction and the City holds a lien on the property until the bond is repaid. The City holds this bond as an investment within the City's pooled investments. The bond has been partially repaid, leaving a balance of $866,696 outstanding as of December 31, 2023.

J. Lease Receivables

The Port Authority is reporting leases receivable of $66,911. For fiscal year 2023, the Port Authority recognized lease revenue of $34,780, which is reported in rental income, and interest revenue of $4,689.

The Port Authority has entered into an amended lease agreement for building space rental with Vermilion Red Clay LLC on May 13, 2009, and exercised an extension of the lease and sublease agreement through 2025.

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2024	$ 32,101	$ 3,423	$ 35,524
2025	34,810	1,781	36,591
Total	$ 66,911	$ 5,204	$ 72,115

K. Risk Management

The Port Authority has obtained commercial crime and public officials' liability insurance from a major commercial insurance company. There has not been a significant reduction of coverage from the prior year and settled claims have not exceeded commercial coverage in any of the last three years.

L. Litigation

The Port Authority is involved in no material litigation as either plaintiff or defendant.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Traditional Plan:				
City's proportion of the net pension liability	0.021059%	0.021788%	0.021568%	0.021864%
City's proportionate share of the net pension liability	$ 6,220,838	$ 1,895,644	$ 3,193,751	$ 4,321,568
City's covered payroll	$ 3,299,064	$ 3,021,079	$ 3,104,386	$ 3,076,271
City's proportionate share of the net pension liability as a percentage of its covered payroll	188.56%	62.75%	102.88%	140.48%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	92.62%	86.88%	82.17%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.022518%	0.022247%	0.023019%	0.022662%	0.020771%	0.020771%
$ 6,167,224	$ 3,490,123	$ 5,227,223	$ 3,925,344	$ 2,505,215	$ 2,448,630
$ 3,089,807	$ 2,954,577	$ 2,926,733	$ 2,860,067	$ 2,561,875	$ 2,493,038
199.60%	118.13%	178.60%	137.25%	97.79%	98.22%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	**2022**	**2021**	**2020**
City's proportion of the net pension liability	0.04676550%	0.04729280%	0.04809490%	0.04917470%
City's proportionate share of the net pension liability	$ 4,442,269	$ 2,954,581	$ 3,278,672	$ 3,312,670
City's covered payroll	$ 1,394,516	$ 1,366,684	$ 999,042	$ 1,298,221
City's proportionate share of the net pension liability as a percentage of its covered payroll	318.55%	216.19%	328.18%	255.17%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	75.03%	70.65%	69.89%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.04976600%	0.05065000%	0.04884500%	0.05066800%	0.05018400%	0.05018400%
$ 4,062,221	$ 3,108,631	$ 3,093,797	$ 3,259,538	$ 2,599,720	$ 2,444,099
$ 1,283,868	$ 1,365,874	$ 1,041,774	$ 1,083,942	$ 1,106,389	$ 1,104,520
316.40%	227.59%	296.97%	300.71%	234.97%	221.28%
63.07%	70.91%	68.36%	66.77%	71.71%	72.53%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Traditional Plan:				
Contractually required contribution	$ 495,573	$ 461,869	$ 422,951	$ 434,614
Contributions in relation to the contractually required contribution	(495,573)	(461,869)	(422,951)	(434,614)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,539,793	$ 3,299,064	$ 3,021,079	$ 3,104,386
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ 430,678	$ 432,573	$ 384,095	$ 351,208	$ 343,208	$ 307,425
	(430,678)	(432,573)	(384,095)	(351,208)	(343,208)	(307,425)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 3,076,271	$ 3,089,807	$ 2,954,577	$ 2,926,733	$ 2,860,067	$ 2,561,875
	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Contractually required contribution	$ 286,283	$ 264,958	$ 259,670	$ 189,818
Contributions in relation to the contractually required contribution	(286,283)	(264,958)	(259,670)	(189,818)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,486,769	$ 1,394,516	$ 1,366,684	$ 999,042
Contributions as a percentage of covered payroll	19.26%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 246,662	$ 243,935	$ 259,516	$ 197,937	$ 205,949	$ 210,214
(246,662)	(243,935)	(259,516)	(197,937)	(205,949)	(210,214)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,298,221	$ 1,283,868	$ 1,365,874	$ 1,041,774	$ 1,083,942	$ 1,106,389
19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
City's proportion of the net OPEB liability/asset	0.020030%	0.020808%	0.020410%	0.020684%
City's proportionate share of the net OPEB liability/(asset)	$ 126,293	$ (651,738)	$ (363,620)	$ 2,856,998
City's covered payroll	$ 3,299,064	$ 3,021,079	$ 3,104,386	$ 3,076,271
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	3.83%	21.57%	11.71%	92.87%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.021537%		0.021112%		0.021983%
$	2,807,916	$	2,292,608	$	2,220,358
$	3,089,807	$	2,954,577	$	2,926,733
	90.88%		77.60%		75.86%
	46.33%		54.14%		54.05%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
City's proportion of the net OPEB liability	0.04676550%	0.04729280%	0.04809490%	0.04917470%
City's proportionate share of the net OPEB liability	$ 332,957	$ 518,370	$ 509,573	$ 485,734
City's covered payroll	$ 1,394,516	$ 1,366,684	$ 999,042	$ 1,298,221
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.88%	37.93%	51.01%	37.42%
Plan fiduciary net position as a percentage of the total OPEB liability	52.59%	46.86%	45.42%	47.08%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.04976600%	0.05065000%	0.04884500%
$ 453,196	$ 2,869,775	$ 2,318,560
$ 1,283,868	$ 1,365,874	$ 1,041,774
35.30%	210.11%	222.56%
46.57%	14.13%	15.96%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Contractually required contribution	$ 1,739	$ 491	$ 129	$ 135
Contributions in relation to the contractually required contribution	(1,739)	(491)	(129)	(135)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,539,793	$ 3,299,064	$ 3,021,079	$ 3,104,386
Contributions as a percentage of covered payroll	0.05%	0.01%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ -	$ -	$ 30,149	$ 60,974	$ 58,970	$ 52,779
	-	-	(30,149)	(60,974)	(58,970)	(52,779)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 3,076,271	$ 3,089,807	$ 2,954,577	$ 2,926,733	$ 2,860,067	$ 2,561,875
	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%

CITY OF VERMILION, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	**2022**	**2021**	**2020**
Contractually required contribution	$ 7,435	$ 6,973	$ 6,833	$ 4,995
Contributions in relation to the contractually required contribution	(7,435)	(6,973)	(6,833)	(4,995)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,486,769	$ 1,394,516	$ 1,366,684	$ 999,042
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 8,858	$ 6,419	$ 6,829	$ 5,209	$ 5,420	$ 5,532
(8,858)	(6,419)	(6,829)	(5,209)	(5,420)	(5,532)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,298,221	$ 1,283,868	$ 1,365,874	$ 1,041,774	$ 1,083,942	$ 1,106,389
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.