

City of New Philadelphia  
Tuscarawas County, Ohio

*Basic Financial Statements*

For the Year Ended  
December 31, 2021



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**Tuscarawas County, Ohio**  
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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*

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The discussion and analysis of the City of New Philadelphia's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

***Financial Highlights***

Key financial highlights for 2021 are as follows:

- In total, net position increased \$6,422,058. Net position of governmental activities increased \$3,022,262 and the net position of business-type activities increased \$3,399,796.
- Total capital assets increased \$1,165,019 during 2021. Capital assets of governmental activities increased \$1,176,580 and capital assets of business-type activities decreased \$11,561.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the County reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

***Using this Annual Financial Report***

This report is designed to allow the reader to look at the financial activities of the City of New Philadelphia as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2021 and how they affected the operations of the City as a whole.

***Reporting the City of New Philadelphia as a Whole***

*Statement of Net Position and the Statement of Activities*

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, 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. In the case of the City of New Philadelphia, the general fund is the most significant governmental funds. Business-type funds consist of the water, sewer and sanitation funds.

A question typically asked about the City's finances "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies.



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This basis of accounting takes 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 net 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 which restrict revenue growth, facility conditions, 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 general government, security of persons and property, public health, community and economic development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer and sanitation funds are reported as business activities.

***Reporting the City of New Philadelphia'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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, street maintenance and repair, and safety forces operation fund.

***Governmental Funds*** Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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

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**The City of New Philadelphia as a Whole**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020:

**Table 1**  
**Net Position**

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Assets</b>						
Current & Other Assets	\$ 12,160,049	\$ 12,763,884	\$ (603,835)	\$ 7,456,634	\$ 6,745,324	\$ 711,310
Net Pension/OPEB Asset	438,913	-	438,913	257,774	-	257,774
Capital Assets	37,328,952	36,152,372	1,176,580	17,147,111	17,158,672	(11,561)
<i>Total Assets</i>	<u>49,927,914</u>	<u>48,916,256</u>	<u>1,011,658</u>	<u>24,861,519</u>	<u>23,903,996</u>	<u>957,523</u>
<b>Deferred Outflows of Resources</b>						
Pension & OPEB	3,976,656	4,587,914	(611,258)	679,819	734,053	(54,234)
<i>Total Deferred Outflows of Resources</i>	<u>3,976,656</u>	<u>4,587,914</u>	<u>(611,258)</u>	<u>679,819</u>	<u>734,053</u>	<u>(54,234)</u>
<b>Liabilities</b>						
Current & Other Liabilities	912,849	863,230	49,619	203,796	431,805	(228,009)
Long-Term Liabilities:						
Due Within One Year	973,995	1,069,682	(95,687)	774,917	750,713	24,204
Due In More Than One Year:						
Net Pension Liability	14,504,166	15,500,395	(996,229)	2,242,182	2,762,506	(520,324)
Net OPEB Liability	1,660,886	4,869,046	(3,208,160)	-	1,865,447	(1,865,447)
Other Amounts	6,450,303	6,055,536	394,767	1,641,158	2,312,222	(671,064)
<i>Total Liabilities</i>	<u>24,502,199</u>	<u>28,357,889</u>	<u>(3,855,690)</u>	<u>4,862,053</u>	<u>8,122,693</u>	<u>(3,260,640)</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,602,115	1,580,609	21,506	-	-	-
Pension & OPEB	4,832,796	3,620,474	1,212,322	1,808,992	1,044,859	764,133
<i>Total Deferred Inflows of Resources</i>	<u>6,434,911</u>	<u>5,201,083</u>	<u>1,233,828</u>	<u>1,808,992</u>	<u>1,044,859</u>	<u>764,133</u>
Net Investment in Capital Assets	31,462,535	30,560,277	902,258	15,150,363	14,173,720	976,643
Restricted	5,528,239	5,903,113	(374,874)	-	-	-
Unrestricted	(14,023,314)	(16,518,192)	2,494,878	3,719,930	1,296,777	2,423,153
<i>Total Net Position</i>	<u>\$ 22,967,460</u>	<u>\$ 19,945,198</u>	<u>\$ 3,022,262</u>	<u>\$ 18,870,293</u>	<u>\$ 15,470,497</u>	<u>\$ 3,399,796</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Capital assets include land, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, infrastructure, water lines, sewer lines, and construction in progress. 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 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

For both governmental and business-type activities, the changes reflected in NPL, NOL, and deferred outflows/inflows of resources related to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

For governmental activities, the City saw an over-all decrease in current and other assets. The decrease was primarily caused by decreased intergovernmental receivables offset by increased income taxes receivable. The decrease in intergovernmental receivables was due to a change in timing of CHIP grants receivable. The increase in income taxes receivable was due to the timing of receipts.

The City also saw a slight increase in current and other liabilities. This increase was primarily due to increases in contracts payable, retainage payable, and unearned revenue offset by a decrease in accrued wages and benefits. The increases in contracts and retainage payables were the result of the completion of the Southside Park project. The increase in unearned revenue was the result of unspent proceeds from the American Rescue Plan Act (ARPA) grant. The decrease in accrued wages and benefits was the result of less days being accrued in 2021.

For business-type activities, the City saw an increase in current and other assets. The increase was primarily caused by revenues exceeding expenditures. Business-type activities also saw a decrease in current and other liabilities which was primarily the result of decreased accrued wages and benefits as less days were accrued in 2021.

Capital assets for governmental activities increased primarily due increased to work completed and donated to the City by the Tuscora Park Foundation for completion of the Southside Park project. Capital assets for business-type activities increased due to increases in construction in progress for several projects throughout the year.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

**Table 2**  
**Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 2,466,212	\$ 2,138,740	\$ 327,472	\$ 7,732,287	\$ 7,397,310	\$ 334,977
Operating Grants	1,695,908	3,659,833	(1,963,925)	20,289	18,588	1,701
Capital Grants	1,083,649	1,463,173	(379,524)	-	-	-
<i>Total Program Revenues</i>	<u>5,245,769</u>	<u>7,261,746</u>	<u>(2,015,977)</u>	<u>7,752,576</u>	<u>7,415,898</u>	<u>336,678</u>
<b>General Revenues</b>						
Property Taxes	1,625,671	1,973,117	(347,446)	-	-	-
Income Taxes	9,559,013	7,921,771	1,682,835	-	-	-
Other Local Taxes	300,195	182,596				
Grants & Entitlements	864,589	729,271	135,318	-	-	-
ARPA-Unrestricted	705,994	-	705,994	-	-	-
Miscellaneous	241,677	1,177,176	(935,499)	52,269	208,291	(156,022)
<i>Total General Revenues</i>	<u>13,297,139</u>	<u>11,983,931</u>	<u>1,241,202</u>	<u>52,269</u>	<u>208,291</u>	<u>(156,022)</u>
<i>Total Revenues</i>	<u>18,542,908</u>	<u>19,245,677</u>	<u>(774,775)</u>	<u>7,804,845</u>	<u>7,624,189</u>	<u>180,656</u>
<b>Program Expenses</b>						
General Government	3,044,616	4,994,853	(1,950,237)	-	-	-
Security of Persons and Property	7,851,122	8,413,858	(562,736)	-	-	-
Public Health	573,101	980,772	(407,671)	-	-	-
Leisure Time Activities	801,989	952,617	(150,628)	-	-	-
Community and Economic Development	211,775	254,600	(42,825)	-	-	-
Transportation	2,451,260	2,912,793	(461,533)	-	-	-
Interest and Fiscal Charges	168,200	169,811	(1,611)	-	-	-
Enterprise Operations						
Water	-	-	-	2,084,821	3,145,120	(1,060,299)
Sewer	-	-	-	1,678,549	2,116,824	(438,275)
Sanitation	-	-	-	1,060,262	1,705,901	(645,639)
<i>Total Expenses</i>	<u>15,102,063</u>	<u>18,679,304</u>	<u>(3,577,241)</u>	<u>4,823,632</u>	<u>6,967,845</u>	<u>(2,144,213)</u>
Transfers	(418,583)	63,471	(482,054)	418,583	(63,471)	482,054
<i>Total General Revenues and Transfers</i>	<u>12,878,556</u>	<u>12,047,402</u>	<u>759,148</u>	<u>470,852</u>	<u>144,820</u>	<u>326,032</u>
<i>Change in Net Position</i>	<u>3,022,262</u>	<u>629,844</u>	<u>2,320,412</u>	<u>3,399,796</u>	<u>592,873</u>	<u>2,806,923</u>
<i>Net Position Beginning of Year</i>	<u>19,945,198</u>	<u>19,315,354</u>	<u>629,844</u>	<u>15,470,497</u>	<u>14,877,624</u>	<u>592,873</u>
<i>Net Position End of Year</i>	<u>\$ 22,967,460</u>	<u>\$ 19,945,198</u>	<u>\$ 2,950,256</u>	<u>\$ 18,870,293</u>	<u>\$ 15,470,497</u>	<u>\$ 3,399,796</u>

The City's overall net position increased from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities**

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements and charges for services.

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General revenues include grants and entitlements, such as local government funds. Governmental activities are funded with the combination of property tax, income tax and intergovernmental revenues. During the year, the City received funding from the American Rescue Plan Act (ARPA), which is not restricted to a specific program of the City. The City monitors its sources of revenues very closely for fluctuations.

The City's income tax is at a rate of 1.5 percent. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 1.5 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

The City saw a decrease in total governmental revenue in 2021. This was primarily due to an increase in charges for services as a result of the reopening of public recreations areas offset by a decrease in capital grants as a result of reduced grants from the Ohio Public Works Commission (OPWC) for the Southside Park project and decreased operating grants for Coronavirus relief. Property taxes decreased in 2021 as a result of a decreases property valuations. Income taxes increased due to the timing of collections. Miscellaneous revenues decreased primarily due to the receipt of two large refunds near then end of 2020.

General Government, public health, and transportation decreased during 2021. These significant decreases are primarily the result of fluctuations related to net pension/OPEB liabilities. See financial highlights for further detail.

**Business-Type Activities**

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. The total expenses for the utilities decreased primarily due to fluctuations related to net pension/OPEB liabilities.

***The City's Funds***

***Governmental Funds***

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The following table provides a summary of the City's fund balances by major fund for 2021 compared to 2020:

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	Governmental Activities		
	<b>Fund Balance</b>	<b>Fund Balance</b>	<b>Increase</b>
	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>(Decrease)</b>
General	\$ 1,631,801	\$ 2,148,417	\$ (516,616)
Street Maintenance and Repair	1,069,264	1,110,566	(41,302)
Safety Forces Operating	973,420	848,474	124,946
Other Governmental	4,164,501	4,339,730	(175,229)
<i>Total</i>	<b>\$ 7,838,986</b>	<b>\$ 8,447,187</b>	<b>\$ (608,201)</b>

The general fund is the chief operating fund of the City. The fund balance of the general fund decreased during the current fiscal year primarily due to increases in expenditures for general government and security of persons as a result of expenditures paid from the general fund that were paid from the coronavirus relief fund in 2020.

The street maintenance and repair fund, a major fund, had a decrease in fund balance due primarily to timing of project expenditures compared to the collection of revenues for this program.

The safety forces operation fund, a major fund, increased in fund balance due primarily to revenues exceeding expenditures.

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

The following table provides a summary of the City's unrestricted net position by major proprietary fund for 2021 compared to 2020:

	Business-Type Activities		
	<b>Unrestricted</b>	<b>Unrestricted</b>	<b>Increase</b>
	<b>Net Position</b>	<b>Net Position</b>	<b>(Decrease)</b>
	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>(Decrease)</b>
Water	\$ 1,600,488	\$ 384,444	\$ 1,216,044
Sewer	1,904,954	1,251,578	653,376
Sanitation	214,488	(339,245)	553,733
	<b>\$ 3,719,930</b>	<b>\$ 1,296,777</b>	<b>\$ 2,423,153</b>

Total change in net position for these funds was primarily due to fluctuations in net OPEB asset as previously discussed in the financial highlights.

***General Fund 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. The most significant budgeted fund is the general fund.

No assurance is provided on these financial statements.

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During the course of 2021, the City amended its general fund budget. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

***Original Budget Compared to Final Budget*** During the year, there was no need for any significant amendments to either the original estimated revenues or original budgeted appropriations.

***Final Budget Compared to Actual Results*** There were no significant variances between final budgeted revenues. The most significant variances between estimated appropriations and actual expenditures were the result of conservative spending for general government and security of persons and property expenditures.

There were no significant variances to discuss within other financing sources and uses.

***Capital Assets and Debt Administration***

**Capital Assets**

The City's investment in capital assets for its governmental activities increased in comparison with prior year-end as a result of the completion of the Southside Park and Schoenbrunn Cemetery projects. These additions exceeded the current year depreciation.

The City's investment in capital assets for its business-type activities increased in comparison with prior year-end as a result of the capital asset additions and construction in progress for current projects transferred from governmental activities exceeding the current year depreciation.

See Note 8 for additional information about the capital assets of the City.

**Debt**

The City's governmental activities total debt increased slightly due to the addition of a capital lease and a lease purchase which were offset by current year principal payments.

The City's business-type activities total debt decreased as a result of current year principal payments.

See Note 13 for detailed information on the City's outstanding debt.

***Economic Factors***

After the shutdowns and slowed economy of 2020, the City of New Philadelphia rallied in 2021. We saw an increase of 11 percent in our income tax collections in 2021, with businesses being open all year and most people back to work.

The City of New Philadelphia was awarded \$1,823,716 from the American Rescue Plan grant and we received half of those funds in 2021. These dollars are being used for construction of new water and sewer infrastructure, along with upgrading existing water and sewer infrastructure throughout the city.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*

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Several businesses expanded in 2021. In particular, a vehicle manufacturer doubled its size and workforce with the objective of adding electric vehicles to their production line. The other expanding businesses are also adding to their workforce along with their footprint. A new Towne Suite Extended-Stay motel is being constructed on the City's west end. This new establishment plans to open in the summer of 2022.

New Philadelphia's Bicycle & Pedestrian trail system is a substantial draw to hiking and biking enthusiasts. This trail system brings many tourists to the area, with many spending time and money at local businesses.

The City received grants from ODNR, OPWC and The Ohio & Erie Canalway to develop our Southside Park land. This new park is accessible for recreation for locals as well as participation in competitive sports by our local school system. A grand opening for this new park was held in June 2021.

We continue to receive grants from the Federal Aviation Administration to upgrade and improve Harry Clever Field Airport located on the east side of New Philadelphia. Work was started in 2021 on upgrading the lighting system and runway.

The City is optimistic about 2022. We anticipate our local business having full employment and a successful year. Our City operations are back to a normal level with City revenues also achieving a normal level.

***Contacting the City's Finance Department***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Beth Gundy, Auditor of City of New Philadelphia, 150 East High Ave., Suite 19, New Philadelphia, Ohio, 44663 or [bgundy@newphilaoh.com](mailto:bgundy@newphilaoh.com).

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Net Position*  
*December 31, 2021*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	New Philadelphia City Health District
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,666,432	\$ 5,918,471	\$ 12,584,903	\$ 274,033
Accounts Receivable	505,536	918,701	1,424,237	-
Intergovernmental Receivable	1,046,666	3,866	1,050,532	19,855
Property Taxes Receivable	1,629,566	-	1,629,566	-
Income Taxes Receivable	1,844,599	-	1,844,599	-
Materials and Supplies Inventory	467,250	615,596	1,082,846	-
Net OPEB Asset	438,913	257,774	696,687	-
Non-Depreciable Capital Assets	2,498,465	627,775	3,126,240	-
Depreciable Capital Assets, net	34,830,487	16,519,336	51,349,823	-
<i>Total Assets</i>	<u>49,927,914</u>	<u>24,861,519</u>	<u>74,789,433</u>	<u>293,888</u>
<b>Deferred Outflows of Resources</b>				
Pension	2,477,787	471,757	2,949,544	-
OPEB	1,498,869	208,062	1,706,931	-
<i>Total Deferred Outflows of Resources</i>	<u>3,976,656</u>	<u>679,819</u>	<u>4,656,475</u>	<u>-</u>
<b>Liabilities</b>				
Accounts Payable	83,014	90,467	173,481	1,579
Accrued Wages and Benefits	118,459	38,247	156,706	-
Contracts Payable	236,927	14,934	251,861	-
Retainage Payable	66,344	-	66,344	-
Intergovernmental Payable	170,054	42,089	212,143	-
Matured Compensated Absences Payable	32,187	18,059	50,246	-
Unearned Revenue	205,864	-	205,864	-
Long-Term Liabilities:				
Due Within One Year	973,995	774,917	1,748,912	-
Due In More Than One Year:				
Net Pension Liability	14,504,166	2,242,182	16,746,348	-
Net OPEB Liability	1,660,886	-	1,660,886	-
Other Amounts Due in More Than One Year	6,450,303	1,641,158	8,091,461	-
<i>Total Liabilities</i>	<u>24,502,199</u>	<u>4,862,053</u>	<u>29,364,252</u>	<u>1,579</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	1,602,115	-	1,602,115	-
Pension	2,738,406	998,496	3,736,902	-
OPEB	2,094,390	810,496	2,904,886	-
<i>Total Deferred Inflows of Resources</i>	<u>6,434,911</u>	<u>1,808,992</u>	<u>8,243,903</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in Capital Assets	31,462,535	15,150,363	46,612,898	-
Restricted for:				
Capital Outlay	1,204,729	-	1,204,729	-
Debt Service	304,217	-	304,217	-
Restricted for Streets	1,645,743	-	1,645,743	-
Restricted for Court Operations	1,336,590	-	1,336,590	-
Restricted for Community Development	100,096	-	100,096	-
Other Purposes	936,864	-	936,864	-
Unrestricted	(14,023,314)	3,719,930	(10,303,384)	292,309
<i>Total Net Position</i>	<u>\$ 22,967,460</u>	<u>\$ 18,870,293</u>	<u>\$ 41,837,753</u>	<u>\$ 292,309</u>

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government		New Philadelphia City Health District	
					Governmental Activities	Business-Type Activities		
<b>Governmental Activities</b>								
General Government	\$ 3,044,616	\$ 1,383,617	\$ 203,999	\$ 211,706	\$ (1,245,294)	\$ -	\$ (1,245,294)	\$ -
Security of Persons and Property	7,851,122	799,477	244,318	1,536	(6,805,791)	-	(6,805,791)	-
Public Health	573,101	162,375	-	-	(410,726)	-	(410,726)	-
Leisure Time Activities	801,989	84,568	-	838,141	120,720	-	120,720	-
Community and Economic Development	211,775	-	-	-	(211,775)	-	(211,775)	-
Transportation	2,451,260	36,175	1,247,591	32,266	(1,135,228)	-	(1,135,228)	-
Debt Service								
Interest and Fiscal Charges	168,200	-	-	-	(168,200)	-	(168,200)	-
<i>Total Governmental Activities</i>	<u>15,102,063</u>	<u>2,466,212</u>	<u>1,695,908</u>	<u>1,083,649</u>	<u>(9,856,294)</u>	<u>-</u>	<u>(9,856,294)</u>	<u>-</u>
<b>Business-Type Activities</b>								
Water	2,084,821	3,086,777	-	-	-	1,001,956	1,001,956	-
Sewer	1,678,549	3,068,995	-	-	-	1,390,446	1,390,446	-
Sanitation	1,060,262	1,576,515	20,289	-	-	536,542	536,542	-
<i>Total Business-Type Activities</i>	<u>4,823,632</u>	<u>7,732,287</u>	<u>20,289</u>	<u>-</u>	<u>-</u>	<u>2,928,944</u>	<u>2,928,944</u>	<u>-</u>
<b>Component Unit</b>								
New Philadelphia Health Department	717,513	123,505	292,167	-	-	-	-	(301,841)
<i>Total</i>	<u>\$ 20,643,208</u>	<u>\$ 10,322,004</u>	<u>\$ 2,008,364</u>	<u>\$ 1,083,649</u>	<u>(9,856,294)</u>	<u>2,928,944</u>	<u>(6,927,350)</u>	<u>(301,841)</u>
<b>General Revenues</b>								
Property Taxes Levied for:								
General Purposes					1,087,312	-	1,087,312	-
Debt Service					334,291	-	334,291	-
Police and Fire					204,068	-	204,068	-
Income Taxes Levied for:								
General Purposes					4,115,541	-	4,115,541	-
Police and Fire					3,778,949	-	3,778,949	-
Health Services					413,711	-	413,711	-
Street Maintenance and Repair					709,466	-	709,466	-
Capital Projects					385,098	-	385,098	-
Other Purposes					156,248	-	156,248	-
Other Local Taxes					300,195	-	300,195	-
Grants and Entitlements not Restricted to Specific Programs					864,589	-	864,589	453,035
American Rescue Plan Act Funding - Not Restricted					705,994	-	705,994	-
Gain on Sale of Capital Assets					21,267	-	21,267	-
Investment Earnings					(16,234)	-	(16,234)	-
Miscellaneous					236,644	52,269	288,913	9,869
<i>Total General Revenues</i>					<u>13,297,139</u>	<u>52,269</u>	<u>13,349,408</u>	<u>462,904</u>
Transfers					(418,583)	418,583	-	-
<i>Total General Revenues and Transfers</i>					<u>12,878,556</u>	<u>470,852</u>	<u>13,349,408</u>	<u>462,904</u>
<i>Change in Net Position</i>					<u>3,022,262</u>	<u>3,399,796</u>	<u>6,422,058</u>	<u>161,063</u>
<i>Net Position Beginning of Year</i>					<u>19,945,198</u>	<u>15,470,497</u>	<u>35,415,695</u>	<u>131,246</u>
<i>Net Position End of Year</i>					<u>\$ 22,967,460</u>	<u>\$ 18,870,293</u>	<u>\$ 41,837,753</u>	<u>\$ 292,309</u>

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2021*

	General	Street Maintenance and Repair	Safety Forces Operation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,104,006	\$ 488,328	\$ 771,613	\$ 4,302,485	\$ 6,666,432
Accounts Receivable	67,526	708	2,287	435,015	505,536
Intergovernmental Receivable	304,503	562,194	-	179,969	1,046,666
Property Taxes Receivable	1,092,137	-	-	537,429	1,629,566
Income Taxes Receivable	741,801	131,878	608,718	362,202	1,844,599
Interfund Receivable	126,710	-	-	-	126,710
Materials and Supplies Inventory	108,566	358,684	-	-	467,250
<i>Total Assets</i>	<u>\$ 3,545,249</u>	<u>\$ 1,541,792</u>	<u>\$ 1,382,618</u>	<u>\$ 5,817,100</u>	<u>\$ 12,286,759</u>
<b>Liabilities</b>					
Accounts Payable	\$ 45,966	\$ 9,168	\$ 1,729	\$ 26,151	\$ 83,014
Accrued Wages	68,035	11,545	24,097	14,782	118,459
Contracts Payable	31,950	-	-	204,977	236,927
Retainage Payable	-	-	-	66,344	66,344
Intergovernmental Payable	54,158	12,327	86,628	16,941	170,054
Interfund Payable	-	-	-	126,710	126,710
Matured Compensated Absences Payable	32,187	-	-	-	32,187
Unearned Revenue	-	-	-	205,864	205,864
<i>Total Liabilities</i>	<u>232,296</u>	<u>33,040</u>	<u>112,454</u>	<u>661,769</u>	<u>1,039,559</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	1,073,629	-	-	528,486	1,602,115
Unavailable Revenue	607,523	439,488	296,744	462,344	1,806,099
<i>Total Deferred Inflows of Resources</i>	<u>1,681,152</u>	<u>439,488</u>	<u>296,744</u>	<u>990,830</u>	<u>3,408,214</u>
<b>Fund Balances</b>					
Nonspendable	149,371	358,684	-	-	508,055
Restricted	-	710,580	973,420	3,749,378	5,433,378
Committed	241,001	-	-	513,727	754,728
Assigned	1,189,335	-	-	-	1,189,335
Unassigned	52,094	-	-	(98,604)	(46,510)
<i>Total Fund Balance</i>	<u>1,631,801</u>	<u>1,069,264</u>	<u>973,420</u>	<u>4,164,501</u>	<u>7,838,986</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,545,249</u>	<u>\$ 1,541,792</u>	<u>\$ 1,382,618</u>	<u>\$ 5,817,100</u>	<u>\$ 12,286,759</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*December 31, 2021*

<b>Total Governmental Fund Balances</b>		\$ 7,838,986
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,328,952
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 27,451	
Income Tax	899,223	
Intergovernmental	651,208	
Charges for Services	<u>228,217</u>	1,806,099
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	438,913	
Deferred Outflows - Pension	2,477,787	
Deferred Outflows - OPEB	1,498,869	
Net Pension Liability	(14,504,166)	
Net OPEB Liability	(1,660,886)	
Deferred Inflows - Pension	(2,738,406)	
Deferred Inflows - OPEB	<u>(2,094,390)</u>	(16,582,279)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(4,175,000)	
ODOT Loans	(526,740)	
Unamortized Bond Premium	(110,143)	
Lease Purchase	(766,920)	
Capital Leases	(160,830)	
Compensated Absences	<u>(1,684,665)</u>	(7,424,298)
<i>Net Position of Governmental Activities</i>		<u>\$ 22,967,460</u>
See accompanying notes to the basic financial statements.		

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2021*

	General	Street Maintenance and Repair	Safety Forces Operation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 1,082,935	\$ -	\$ -	\$ 536,345	\$ 1,619,280
Income Taxes	4,025,383	687,851	3,058,615	1,496,381	9,268,230
Other Local Taxes	202,099	-	-	98,096	300,195
Charges for Services	222,453	-	-	875,716	1,098,169
Licenses and Permits	7,015	-	-	298,430	305,445
Fines and Forfeitures	277,496	-	-	651,124	928,620
Intergovernmental	775,481	1,127,308	-	1,866,284	3,769,073
Investment Income	(16,234)	(5,093)	-	-	(21,327)
Rent	74,689	-	-	46,100	120,789
Contributions and Donations	97,784	-	-	27,357	125,141
Miscellaneous	118,795	7,366	12,993	97,490	236,644
<i>Total Revenues</i>	<u>6,867,896</u>	<u>1,817,432</u>	<u>3,071,608</u>	<u>5,993,323</u>	<u>17,750,259</u>
<b>Expenditures</b>					
Current:					
General Government	3,167,062	-	-	1,172,032	4,339,094
Security of Persons and Property	2,727,605	-	2,879,421	1,823,792	7,430,818
Public Health	413,480	-	-	421,626	835,106
Leisure Time Activities	832,358	-	-	-	832,358
Community and Economic Development	-	-	-	211,775	211,775
Transportation	46,711	1,858,734	-	62,217	1,967,662
Capital Outlay	177,191	-	222,700	2,391,192	2,791,083
Debt Service:					
Principal Retirement	1,510	-	25,360	631,794	658,664
Interest and Fiscal Charges	27	-	1,278	172,692	173,997
<i>Total Expenditures</i>	<u>7,365,944</u>	<u>1,858,734</u>	<u>3,128,759</u>	<u>6,887,120</u>	<u>19,240,557</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(498,048)</u>	<u>(41,302)</u>	<u>(57,151)</u>	<u>(893,797)</u>	<u>(1,490,298)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	-	-	21,267	-	21,267
Inception of Capital Lease	-	-	160,830	-	160,830
Proceeds from Lease Purchase	-	-	-	700,000	700,000
Transfers In	-	-	-	18,568	18,568
Transfers Out	(18,568)	-	-	-	(18,568)
<i>Total Other Financing Sources (Uses)</i>	<u>(18,568)</u>	<u>-</u>	<u>182,097</u>	<u>718,568</u>	<u>882,097</u>
<i>Net Change in Fund Balances</i>	(516,616)	(41,302)	124,946	(175,229)	(608,201)
<i>Fund Balances Beginning of Year</i>	<u>2,148,417</u>	<u>1,110,566</u>	<u>848,474</u>	<u>4,339,730</u>	<u>8,447,187</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,631,801</u>	<u>\$ 1,069,264</u>	<u>\$ 973,420</u>	<u>\$ 4,164,501</u>	<u>\$ 7,838,986</u>

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2021*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (608,201)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 2,920,162	
Current Year Depreciation	<u>(1,670,251)</u>	1,249,911
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(73,331)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	6,391	
Income Tax	290,783	
Intergovernmental	(377,122)	
Charges for Services	<u>13,189</u>	(66,759)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	340,000	
ODOT Loan	160,435	
Lease Purchase	132,869	
Capital Lease	<u>25,360</u>	658,664
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Lease Purchase		(700,000)
Inception of lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Inception of Capital Lease		(160,830)
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		5,797
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	1,412,370	
OPEB	<u>20,395</u>	1,432,765
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,088,502)	
OPEB	<u>2,475,459</u>	1,386,957
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(102,711)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 3,022,262</u></u>

See accompanying notes and accountant's compilation report.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,104,778	\$ 1,105,000	\$ 1,082,935	\$ (22,065)
Income Taxes	3,772,243	3,773,000	3,736,288	(36,712)
Other Local Taxes	174,965	175,000	196,503	21,503
Charges for Services	190,962	191,000	209,351	18,351
Licenses and Permits	34,993	35,000	7,015	(27,985)
Fines and Forfeitures	314,937	315,000	265,279	(49,721)
Intergovernmental	714,857	715,000	766,700	51,700
Investment Income	109,978	110,000	89,939	(20,061)
Rent	25,995	26,000	34,092	8,092
Contributions and Donations	26,995	27,000	27,430	430
Miscellaneous	7,798	7,800	84,201	76,401
<i>Total Revenues</i>	<u>6,478,501</u>	<u>6,479,800</u>	<u>6,499,733</u>	<u>19,933</u>
<b>Expenditures</b>				
Current:				
General Government	2,918,538	3,044,538	2,865,337	179,201
Security of Persons and Property	2,951,813	2,951,813	2,679,554	272,259
Public Health	447,196	488,196	447,743	40,453
Leisure Time Activities	999,338	980,838	891,163	89,675
Transportation	52,812	52,812	48,983	3,829
Capital Outlay	106,750	106,750	92,747	14,003
Debt Service:				
Principal Retirement	1,510	1,510	1,510	-
Interest and Fiscal Charges	27	27	27	-
<i>Total Expenditures</i>	<u>7,477,984</u>	<u>7,626,484</u>	<u>7,027,064</u>	<u>599,420</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(999,483)</u>	<u>(1,146,684)</u>	<u>(527,331)</u>	<u>619,353</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(18,568)	1,432
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,568)</u>	<u>1,432</u>
<i>Net Change in Fund Balance</i>	(1,019,483)	(1,166,684)	(545,899)	620,785
<i>Fund Balance Beginning of Year</i>	1,152,436	1,152,436	1,152,436	-
Prior Year Encumbrances Appropriated	72,486	72,486	72,486	-
<i>Fund Balance End of Year</i>	<u>\$ 205,439</u>	<u>\$ 58,238</u>	<u>\$ 679,023</u>	<u>\$ 620,785</u>

See accompanying notes to the basic financial statements.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*Street Maintenance and Repair Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$ 600,000	\$ 600,000	\$ 684,806	\$ 84,806
Intergovernmental	1,100,000	1,100,000	1,111,594	11,594
Investment Income	-	-	4,217	4,217
Miscellaneous	75,000	75,000	7,663	(67,337)
<i>Total Revenues</i>	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,808,280</u>	<u>33,280</u>
Transportation	2,221,559	2,221,559	1,924,181	297,378
<i>Total Expenditures</i>	<u>2,221,559</u>	<u>2,221,559</u>	<u>1,924,181</u>	<u>297,378</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(446,559)</u>	<u>(446,559)</u>	<u>(115,901)</u>	<u>330,658</u>
<i>Net Change in Fund Balance</i>	<u>(446,559)</u>	<u>(446,559)</u>	<u>(115,901)</u>	<u>330,658</u>
<i>Fund Balance Beginning of Year</i>	584,485	584,485	584,485	-
Prior Year Encumbrances Appropriated	6,259	6,259	6,259	-
<i>Fund Balance End of Year</i>	<u>\$ 144,185</u>	<u>\$ 144,185</u>	<u>\$ 474,843</u>	<u>\$ 330,658</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*Safety Forces Operation Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,047,428	\$ 47,428
Miscellaneous	-	-	10,706	10,706
<i>Total Revenues</i>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,058,134</u>	<u>58,134</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	3,546,643	3,546,643	3,122,985	423,658
Capital Outlay	61,870	61,870	112,639	(50,769)
Debt Service:				
Principal Retirement	25,360	25,360	25,360	-
Interest and Fiscal Charges	1,278	1,278	1,278	-
<i>Total Expenditures</i>	<u>3,635,151</u>	<u>3,635,151</u>	<u>3,262,262</u>	<u>372,889</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(635,151)</u>	<u>(635,151)</u>	<u>(204,128)</u>	<u>431,023</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	-	-	21,267	21,267
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>21,267</u>	<u>21,267</u>
<i>Net Change in Fund Balance</i>	(635,151)	(635,151)	(182,861)	452,290
<i>Fund Balance Beginning of Year</i>	849,609	849,609	849,609	-
Prior Year Encumbrances Appropriated	34,851	34,851	34,851	-
<i>Fund Balance End of Year</i>	<u>\$ 249,309</u>	<u>\$ 249,309</u>	<u>\$ 701,599</u>	<u>\$ 452,290</u>

See accompanying notes and accountant's compilation report.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2021*

	Enterprise Funds			
	Water	Sewer	Sanitaion	Total
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 1,946,540	\$ 2,728,536	\$ 1,243,395	\$ 5,918,471
Accounts Receivable	447,374	470,621	706	918,701
Intergovernmental Receivable	-	-	3,866	3,866
Materials and Supplies Inventory	611,586	2,873	1,137	615,596
<i>Total Current Assets</i>	<u>3,005,500</u>	<u>3,202,030</u>	<u>1,249,104</u>	<u>7,456,634</u>
<i>Non-Current Assets:</i>				
Net OPEB Asset	97,536	76,636	83,602	257,774
Non-Depreciable Capital Assets	582,728	35,054	9,993	627,775
Depreciable Capital Assets, Net	7,168,307	8,650,626	700,403	16,519,336
<i>Total Non-Current Assets</i>	<u>7,848,571</u>	<u>8,762,316</u>	<u>793,998</u>	<u>17,404,885</u>
<i>Total Assets</i>	<u>10,854,071</u>	<u>11,964,346</u>	<u>2,043,102</u>	<u>24,861,519</u>
<b>Deferred Outflows of Resources</b>				
Pension	158,219	124,405	189,133	471,757
OPEB	66,748	52,458	88,856	208,062
<i>Total Deferred Outflows of Resources</i>	<u>224,967</u>	<u>176,863</u>	<u>277,989</u>	<u>679,819</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	29,320	32,171	28,976	90,467
Accrued Wages and Benefits	15,470	11,208	11,569	38,247
Contracts Payable	8,825	6,109	-	14,934
Intergovernmental Payable	16,865	13,552	11,672	42,089
Matured Compensated Absences Payable	-	18,059	-	18,059
Compensated Absences Payable	71,087	37,463	20,128	128,678
OPWC Loans Payable	7,855	40,937	-	48,792
OWDA Loans Payable	-	597,447	-	597,447
<i>Total Current Liabilities</i>	<u>149,422</u>	<u>756,946</u>	<u>72,345</u>	<u>978,713</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable - Net of Current Portion	73,187	47,527	20,289	141,003
OPWC Loans Payable - Net of Current Portion	69,227	362,084	-	431,311
OWDA Loans Payable - Net of Current Portion	-	1,068,844	-	1,068,844
Net Pension Liability	848,393	666,595	727,194	2,242,182
<i>Total Long-Term Liabilities</i>	<u>990,807</u>	<u>2,145,050</u>	<u>747,483</u>	<u>3,883,340</u>
<i>Total Liabilities</i>	<u>1,140,229</u>	<u>2,901,996</u>	<u>819,828</u>	<u>4,862,053</u>
<b>Deferred Inflows of Resources</b>				
Pension	370,897	310,023	317,576	998,496
OPEB	302,296	249,397	258,803	810,496
<i>Total Deferred Inflows of Resources</i>	<u>673,193</u>	<u>559,420</u>	<u>576,379</u>	<u>1,808,992</u>
<b>Net Position</b>				
Net Investment in Capital Assets	7,665,128	6,774,839	710,396	15,150,363
Unrestricted	1,600,488	1,904,954	214,488	3,719,930
<i>Total Net Position</i>	<u>\$ 9,265,616</u>	<u>\$ 8,679,793</u>	<u>\$ 924,884</u>	<u>\$ 18,870,293</u>

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2021*

	Enterprise			
	Water	Sewer	Sanitaion	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 3,086,777	\$ 3,068,995	\$ 1,576,515	\$ 7,732,287
Other	47,501	3,325	1,443	52,269
<i>Total Operating Revenues</i>	<u>3,134,278</u>	<u>3,072,320</u>	<u>1,577,958</u>	<u>7,784,556</u>
<b>Operating Expenses</b>				
Salaries	895,415	717,015	673,598	2,286,028
Fringe Benefits	(300,393)	(279,577)	(228,612)	(808,582)
Contractual Services	432,831	492,563	450,119	1,375,513
Materials and Supplies	666,470	176,025	69,409	911,904
Depreciation	390,498	526,249	95,748	1,012,495
<i>Total Operating Expenses</i>	<u>2,084,821</u>	<u>1,632,275</u>	<u>1,060,262</u>	<u>4,777,358</u>
<i>Operating Income (Loss)</i>	<u>1,049,457</u>	<u>1,440,045</u>	<u>517,696</u>	<u>3,007,198</u>
<b>Non-Operating Revenues (Expenses)</b>				
Intergovernmental	-	-	20,289	20,289
Loss on Sale/Transfer of Capital Assets	(29,618)	(147,223)	-	(176,841)
Interest	-	(26,733)	-	(26,733)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(29,618)</u>	<u>(173,956)</u>	<u>20,289</u>	<u>(183,285)</u>
<i>Income (Loss) Before Capital Contributions</i>	1,019,839	1,266,089	537,985	2,823,913
Capital Contributions	575,883	-	-	575,883
<i>Change in Net Position</i>	1,595,722	1,266,089	537,985	3,399,796
<i>Net Position Beginning of Year</i>	<u>7,669,894</u>	<u>7,413,704</u>	<u>386,899</u>	<u>15,470,497</u>
<i>Net Position End of Year</i>	<u>\$ 9,265,616</u>	<u>\$ 8,679,793</u>	<u>\$ 924,884</u>	<u>\$ 18,870,293</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2021

	Enterprise Funds			
	Water	Sewer	Sanitaion	Total
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 3,115,763	\$ 3,099,657	\$ 1,576,515	\$ 7,791,935
Cash Received from Other Operating Receipts	46,843	2,623	737	50,203
Cash Payments to Suppliers for Goods and Services	(675,770)	(173,011)	(68,794)	(917,575)
Cash Payments to Employees for Services and Benefits	(1,285,840)	(1,039,408)	(1,016,522)	(3,341,770)
Cash Payments for Contractual Services	(456,895)	(473,951)	(449,133)	(1,379,979)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>744,101</u>	<u>1,415,910</u>	<u>42,803</u>	<u>2,202,814</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental Revenue	-	-	20,595	20,595
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>-</u>	<u>-</u>	<u>20,595</u>	<u>20,595</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(213,366)	(466,895)	(80,000)	(760,261)
Principal Payments on Debt	(10,545)	(654,710)	-	(665,255)
Interest Payments on Debt	-	(26,733)	-	(26,733)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(223,911)</u>	<u>(1,148,338)</u>	<u>(80,000)</u>	<u>(1,452,249)</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	520,190	267,572	(16,602)	771,160
<i>Cash and Investments Beginning of Year</i>	<u>1,426,350</u>	<u>2,460,964</u>	<u>1,259,997</u>	<u>5,147,311</u>
<i>Cash and Investments End of Year</i>	<u>\$ 1,946,540</u>	<u>\$ 2,728,536</u>	<u>\$ 1,243,395</u>	<u>\$ 5,918,471</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$ 1,049,457	\$ 1,440,045	\$ 517,696	\$ 3,007,198
Adjustments:				
Depreciation	390,498	526,249	95,748	1,012,495
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	28,328	29,960	(706)	57,582
Materials and Supplies Inventory	(1,195)	2,542	615	1,962
Net OPEB Asset	(97,536)	(76,636)	(83,602)	(257,774)
Deferred Outflows - Pension/OPEB	60,238	47,226	(53,230)	54,234
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(32,169)	19,084	986	(12,099)
Accrued Wages	(24,794)	(19,311)	(26,036)	(70,141)
Intergovernmental Payable	(736)	(108)	(4,615)	(5,459)
Compensated Absences Payable	25,120	(6,672)	(53)	18,395
Matured Compensated Absences Payable	-	18,059	-	18,059
Deferred Inflows - Pension/OPEB	298,256	182,974	282,903	764,133
Net Pension Liability	(225,915)	(177,504)	(116,905)	(520,324)
Net OPEB Liability	(725,451)	(569,998)	(569,998)	(1,865,447)
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 744,101</u>	<u>\$ 1,415,910</u>	<u>\$ 42,803</u>	<u>\$ 2,202,814</u>

**Noncash Capital Financing Activities:**

The City purchased \$95,000 and \$8,825 of capital assets on account in the water fund in 2020 and 2021, respectively.  
The City purchased \$78,303 and \$6,109 of capital assets on account in the sewer fund in 2020 and 2021, respectively.  
The City transferred \$29,618 and \$127,682 of construction in progress activity to governmental activities from the water and sewer funds, respectively, in 2021.  
The City transferred \$575,883 of construction in progress activity from governmental activities to the water fund in 2021.

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2021*

	Custodial
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	\$ 118,108
Accounts Receivable	1,523
	119,631
<i>Total Assets</i>	<i>119,631</i>
<b>Liabilities</b>	
Intergovernmental Payable	119,631
	119,631
<i>Total Liabilities</i>	<i>119,631</i>
<b>Net Position</b>	
<i>Total Net Position</i>	\$ -

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2021*

	Custodial
<b>Additions</b>	
Fines & Forfeitures for Other Governments	\$ 782,085
<i>Total Additions</i>	782,085
 <b>Deductions</b>	
Fines & Forfeitures Distributions to Other Governments	782,085
<i>Total Deductions</i>	782,085
 <i>Change in Net Position</i>	 -
 <i>Net Position Beginning of Year</i>	 -
 <i>Net Position End of Year</i>	 \$ -

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**NOTE 1: REPORTING ENTITY**

The City of New Philadelphia (the “City”) is a municipal corporation, established under the laws of the State of Ohio. The City operates under a Council-Mayor form of government. The Mayor, Council, Auditor, Treasurer, Law Director, and Municipal Court Judge are elected.

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, as amended by GASB 61 and 80.

The City provides various services including police and fire protection, emergency medical, water and sewer services, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services. 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 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 levying of taxes or the issuance of debt. Based on the application of these criteria, the City does have one component unit.

The following component unit and organizations are described due to their relationship to the City:

***New Philadelphia City Health District***

The New Philadelphia City Health District (the District) is a legally separate organization. Among its various duties, the District provides for the prompt diagnosis and control of communicable diseases. The District may also inspect business where food is manufactured, handled, stored, or offered for sale. The District is operated by a board with all members being appointed by the City. The rates charged by the District are subject to the approval of City Council. In addition, the City provides funding to the District, thus the City can impose will on the District, and the District imposes a financial burden to the City. Therefore, the District is considered a discretely presented component unit of the City of New Philadelphia. During 2021, the City paid \$447,743 in expenses on behalf of the District. This is reported as Public Health on the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Separately issued financial statements can be obtained from the New Philadelphia City Health District at 150 East High Avenue, New Philadelphia, Ohio, 44663.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Jointly Governed Organizations and Related Organization***

The City is associated with certain organizations which are defined as jointly governed organizations and a related organization.

***Jointly governed organizations***

***A. Community Improvement Corporation of Tuscarawas County***

The City is associated with the Community Improvement Corporation of Tuscarawas County (“Corporation”) as a Jointly Governed Organization. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenhutten. It is controlled by 30 trustees consisting of the three County Commissioners, the mayor of each participating city or village and eighteen self-elected trustees. The board exercises total control over the operation of the Corporation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the board.

***B. Tuscarawas County Drug Enforcement Task Force***

The City entered into a mutual aid agreement with the Tuscarawas County Drug Enforcement Task Force, which is coordinated by the Tuscarawas County Sheriff’s Office.

***C. Ohio Mid-Eastern Governments Association (OMEGA)***

The Ohio-Mid Eastern Governments Association (OMEGA) is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of New Philadelphia serves as the City’s representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census.

***D. Tax Incentive Revenue Council (TIRC)***

The Tax Incentive Revenue Council (TIRC) is an inter-jurisdictional body created to review and evaluate the performance of each Enterprise Zone Agreement. This body is advisory in nature only and cannot directly impact an existing Enterprise Zone Agreement. The TIRC is charged to annually review each Enterprise Zone Agreement and determine whether or not the business(es) has/have complied with the terms and conditions of the agreement. Upon review, the TIRC is to make a formal recommendation to the local government(s) in party to the Enterprise Zone Agreement. ORC Section 5709.85 sets forth the composition of TIRC. The council is jointly governed among Tuscarawas County, municipalities, townships and school districts within the county-designated Enterprise Zone.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Related organization***

**Tuscora Park Foundation**

The Tuscora Park Foundation (Foundation) is a related organization that was created by citizens of the community as a 501(c)(3). The Foundation is governed by nine members on the Board of Trustees who are appointed by the Board of Directors. The mayor and parks and recreation superintendent of the City of New Philadelphia serve as City representatives on the board. Additionally, the City Park and Recreation Board appoint three members. The Foundation was established to assist the City by raising, acquiring, and accepting funds for present and future needs in order to develop a network of resources to maintain, restore, and build community parks within the City and surrounding areas. The board has total control over budgeting, personnel, and financial matters. The City is not able to impose its will on the Foundation and no financial benefit and/or burden relationship exists. The City has an agreement with the Foundation to contribute the local share of the project costs for the Southside Improvement Project.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***A. Basis of Presentation***

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

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

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

**B. Fund Accounting**

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

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

**General Fund** The general fund accounts 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.

**Street Maintenance and Repair Fund** The street maintenance and repair special revenue fund is used to account for state gasoline tax, motor vehicle registration fees, and income taxes designated for maintenance of streets within the City.

**Safety Forces Operation Fund** The safety forces operation special revenue fund is used to account for revenues and expenditures used to provide security for persons and property.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the City's proprietary fund type:

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The water, sewer and sanitation funds are the City's major enterprise funds.

**Water Fund** – The water fund accounts for the provision of water service to the residents and commercial users located within the City.

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

**Sanitation Fund** – The sanitation fund accounts for the provision of sanitation service to the residents and commercial users within the City.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. The City's custodial funds account for court collections that are distributed to various other governmental entities.

***C. Measurement Focus***

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

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

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

***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5.) 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 fiscal 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

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***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Pooled Cash and Investments***

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments are reported at fair value with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund (including unrealized gains/losses on investments) during 2021 amounted to \$(16,234), where \$(14,807) was assigned from other funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

***F. Materials and Supplies Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

***G. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Building Improvements	20-50 Years	20-50 Years
Improvements Other Than Buildings	10-50 Years	10-50 Years
Machinery and Equipment	10-30 Years	10-30 Years
Furniture and Fixtures	10-30 Years	20 Years
Vehicles	10 Years	10 Years
Infrastructure	40-50 Years	40-50 Years

The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, sewer lines, and water lines.

***H. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***I. Accrued Liabilities and Long-Term Obligations***

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

No assurance is provided on these financial statements.

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***J. Pensions/Other Postemployment Benefits (OPEB)***

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

***K. 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 of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2021, there was no net position restricted by enabling legislation.

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

***L. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

*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.

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



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*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 policies of the City. The City has by resolution authorized the Auditor to assign fund balance. The City 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.

***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 water, sewer and sanitation services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

***N. Contributions of Capital***

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

***O. Interfund Activity***

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

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

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***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

***Q. Budgetary Data***

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

***R. Estimates***

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

**NOTE 3: 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 certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) 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. The major differences between the budget basis and the GAAP basis are:

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1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds.

**Net Change in Fund Balance**

	General	Street Maintenance and Repair	Safety Forces Operation
GAAP Basis	\$ (516,616)	\$ (41,302)	\$ 124,946
Net Adjustment for Revenue Accruals	105,769	(9,152)	(174,304)
Net Adjustment for Expenditure Accruals	31,250	(55,380)	(64,454)
Funds Budgeted Elsewhere **	15,233	-	-
Adjustment for Encumbrances	(181,535)	(10,067)	(69,049)
Budget Basis	\$ (545,899)	\$ (115,901)	\$ (182,861)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed monies, income tax administration and collection, municipal court computer, airport capital improvement funds, and profit sharing lots.

**NOTE 4: DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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.

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Interim deposits are deposits of interim monies. Interim monies are those 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, 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.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.;
4. Bonds and any other obligations of the State of Ohio;
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 (STAR Ohio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The City has segregated bank accounts for monies held separately from the City's pooled accounts. These depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the City's treasury.

**Cash on Hand** - At December 31, 2021 the City had \$300 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**Deposits** - At year-end, \$6,049,681 of the City's bank balance was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of December 31, 2021, the City had the following investments and maturities:

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Rating	Investment	Measurement Amount	Investment Maturities in Months			% Total
			0-12	13-36	Over 36	
Net Asset Value (NAV):						
AAAm	First American Government Obligations	\$ 14,623	\$ 14,623	\$ -	\$ -	0.22%
Fair Value:						0.00%
Aaa	Federal Farm Credit Bank	1,511,680	425,166	434,840	651,674	23.01%
AAA	Federal Home Loan Banks	425,287	-	-	425,287	6.47%
Aaa	Federal National Mortgage Association MTN	244,458	-	-	244,458	3.72%
N/A	Negotiable Certificates of Deposit	3,423,932	1,948,239	1,475,693	-	52.13%
AA+	US Treasury Notes	948,972	-	198,485	750,487	14.45%
Total Investments		<u>\$ 6,568,952</u>	<u>\$ 2,388,028</u>	<u>\$ 2,109,018</u>	<u>\$ 2,071,906</u>	<u>100.0%</u>

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 above table identifies the City's recurring fair value measurements as of December 31, 2021. The City's investments measured at fair value are Level 2 since valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data.

The City has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. All investments are in an internal investment pool.

**Interest Rate Risk** The City has no investment policy to address interest rate risk in place at this time.

**Credit Risk:** S&P Global Ratings and Moody's Investors are included in the table above for each investment.

**Concentration of Credit Risk** The table above includes the percentage to total of each investment type held by the City at December 31, 2021.

**NOTE 5: PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2021.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2021 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$4.70 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 371,287,240
Public Utilities - Real	25,840
Public Utilities - Personal	<u>14,932,560</u>
Total Assessed Value	<u>\$ 386,245,640</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**NOTE 6: INCOME TAX**

The City levies a municipal income tax of 1.5 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to 1.5 percent for taxes paid to other municipalities.

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. Effective July 1, 2005, the electors approved the one-half (1/2) percent to be used for safety forces operations. The remaining one percent provides for general municipal operations. The street lighting special revenue fund and income tax administration fund receive an allocation from the income tax that is established annually by Council. For 2021, the balance was allocated 60 percent to the general fund, 12 percent to the street maintenance and repair special revenue fund, 11 percent to the police and fire pension special revenue fund, 10 percent to the master capital fund, and 7 percent to the cemetery special revenue fund.

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**NOTE 7: RECEIVABLES**

Receivables at December 31, 2021 consisted of taxes, accounts (billed and unbilled user charged services) and intergovernmental receivables. Taxes, accounts and intergovernmental receivables are deemed collectible in full.

**NOTE 8: CAPITAL ASSETS**

A summary of changes in capital assets during 2021 follows:

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,621,119	\$ -	\$ -	\$ 1,621,119
Construction in progress	<u>1,662,637</u>	<u>2,688,226</u>	<u>(3,473,517)</u>	<u>877,346</u>
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,283,756</u>	<u>2,688,226</u>	<u>(3,473,517)</u>	<u>2,498,465</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Building Improvements	13,188,848	57,256	-	13,246,104
Improvements Other than Buildings	8,526,549	2,996,861	-	11,523,410
Machinery and Equipment	5,764,149	190,519	(88,962)	5,865,706
Furniture and Fixtures	110,091	-	-	110,091
Vehicles	5,961,022	460,817	-	6,421,839
Infrastructure	<u>35,720,553</u>	<u>-</u>	<u>-</u>	<u>35,720,553</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>69,271,212</u>	<u>3,705,453</u>	<u>(88,962)</u>	<u>72,887,703</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(5,339,648)	(293,910)	-	(5,633,558)
Improvements Other than Buildings	(3,736,008)	(231,121)	-	(3,967,129)
Machinery and Equipment	(4,104,230)	(172,526)	15,631	(4,261,125)
Furniture and Fixtures	(104,491)	(10)	-	(104,501)
Vehicles	(3,675,146)	(272,027)	-	(3,947,173)
Infrastructure	<u>(19,443,073)</u>	<u>(700,657)</u>	<u>-</u>	<u>(20,143,730)</u>
<i>Total Accumulated Depreciation</i>	<u>(36,402,596)</u>	<u>(1,670,251) *</u>	<u>15,631</u>	<u>(38,057,216)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>32,868,616</u>	<u>2,035,202</u>	<u>(73,331)</u>	<u>34,830,487</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$ 36,152,372</u>	<u>\$ 4,723,428</u>	<u>\$ (3,546,848)</u>	<u>\$ 37,328,952</u>

\*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 210,233
Security of Persons and Property	341,225
Leisure Time Services	230,409
Transportation	869,214
Public Health	<u>19,170</u>
Total	<u>\$ 1,670,251</u>



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	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b>Business-Type Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 51,892	\$ -	\$ -	\$ 51,892
Construction in progress	-	733,183	(157,300)	575,883
<i>Total Capital Assets Not Being Depreciated</i>	<u>51,892</u>	<u>733,183</u>	<u>(157,300)</u>	<u>627,775</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Building Improvements	9,853,371	-	-	9,853,371
Improvements Other than Buildings	6,903,852	-	-	6,903,852
Machinery and Equipment	5,255,697	267,019	(47,793)	5,474,923
Furniture and Fixtures	20,554	-	-	20,554
Vehicles	2,985,181	177,573	-	3,162,754
Sewer Lines	7,222,284	-	-	7,222,284
Water Lines	15,346,512	-	-	15,346,512
<i>Total Capital Assets, Being Depreciated</i>	<u>47,587,451</u>	<u>444,592</u>	<u>(47,793)</u>	<u>47,984,250</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(6,747,464)	(187,115)	-	(6,934,579)
Improvements Other than Buildings	(3,772,372)	(198,499)	-	(3,970,871)
Machinery and Equipment	(4,466,741)	(78,517)	28,252	(4,517,006)
Furniture and Fixtures	(19,526)	-	-	(19,526)
Vehicles	(1,952,232)	(151,965)	-	(2,104,197)
Sewer Lines	(3,625,643)	(117,050)	-	(3,742,693)
Water Lines	(9,896,693)	(279,349)	-	(10,176,042)
<i>Total Accumulated Depreciation</i>	<u>(30,480,671)</u>	<u>(1,012,495)</u>	<u>28,252</u>	<u>(31,464,914)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>17,106,780</u>	<u>(567,903)</u>	<u>(19,541)</u>	<u>16,519,336</u>
<i>Total Business-Type Activities Capital Assets, Net</i>	<u>\$ 17,158,672</u>	<u>\$ 165,280</u>	<u>\$ (176,841)</u>	<u>\$ 17,147,111</u>

**NOTE 9: RISK MANAGEMENT**

The City 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 disasters. During 2021, the City contracted with several companies for various types of insurance.

There has been no reduction in coverage from the prior year. Settled claims did not exceed coverage in any of the last three years.

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 to provide coverage to employees for job related injuries.

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**NOTE 10: DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). 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 liabilities within 30 years. If the 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) 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 liability* and *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

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***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

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

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

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$841,175 for 2021. Of this amount, \$68,237 is reported as an intergovernmental payable.

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

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 that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent 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 3.0 percent 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 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

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	Police	Firefighters
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$882,430 for 2021. Of this amount, \$90,011 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.040924%	0.156759%	
Prior Measurement Period	0.038823%	0.157192%	
Change in Proportion	<u>0.002101%</u>	<u>-0.000433%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 6,059,953	\$ 10,686,395	\$ 16,746,348
Pension Expense	\$ 162,224	\$ 980,783	\$ 1,143,007

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 446,726	\$ 446,726
Changes of Assumptions	-	179,217	179,217
Changes in Proportionate Share and Differences in Contributions	289,306	310,690	599,996
City Contributions Subsequent to the Measurement Date	841,175	882,430	1,723,605
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,130,481</b>	<b>\$ 1,819,063</b>	<b>\$ 2,949,544</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 253,493	\$ 416,310	\$ 669,803
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,361,993	518,362	2,880,355
Changes in Proportionate Share and Differences in Contributions	33,783	152,961	186,744
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,649,269</b>	<b>\$ 1,087,633</b>	<b>\$ 3,736,902</b>

\$1,723,605 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (838,985)	\$ 41,684	\$ (797,301)
2023	(236,010)	277,566	41,556
2024	(962,827)	(437,030)	(1,399,857)
2025	(322,141)	(49,983)	(372,124)
2026	-	16,763	16,763
<b>Total</b>	<b>\$ (2,359,963)</b>	<b>\$ (151,000)</b>	<b>\$ (2,510,963)</b>

***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, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

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<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living	Pre-1/7/2013 Retirees: 3.00 percent Simple
Adjustments	Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:



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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the City’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City’s Proportionate Share of the Net Pension Liability	\$ 11,559,393	\$ 6,059,953	\$ 1,487,178

**Changes between Measurement Date and Report Date** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

**City of New Philadelphia**  
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
<b>Total</b>	<b>125.00 %</b>	

Note: Assumptions are geometric.

\* levered 2.5x

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 14,876,831	\$ 10,686,395	\$ 7,179,423

No assurance is provided on these financial statements.

**City of New Philadelphia**  
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**NOTE 11: DEFINED BENEFIT OPEB PLANS**

See Note 10 for a description of the net OPEB liability (asset).

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2021.

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

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

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

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

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The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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 \$20,395 for 2021. Of this amount, \$2,093 is reported as an intergovernmental payable.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.039105%	0.1567589%	
Prior Measurement Period	0.037515%	0.1571917%	
Change in Proportion	<u>0.001590%</u>	<u>-0.0004328%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (696,687)	\$ 1,660,886	
OPEB Expense	\$ (4,236,530)	\$ 192,623	\$ (4,043,907)

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**City of New Philadelphia**  
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At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	-	-	-
Changes of Assumptions	\$ 342,499	\$ 917,548	\$ 1,260,047
Changes in Proportionate Share and Differences in Contributions	134,153	292,336	426,489
City Contributions Subsequent to the Measurement Date	-	20,395	20,395
Total Deferred Outflows of Resources	<u>\$ 476,652</u>	<u>\$ 1,230,279</u>	<u>\$ 1,706,931</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 628,756	\$ 273,957	\$ 902,713
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	371,066	61,722	432,788
Changes of Assumptions	1,128,842	264,776	1,393,618
Changes in Proportionate Share and Differences in Contributions	30,584	145,183	175,767
Total Deferred Inflows of Resources	<u>\$ 2,159,248</u>	<u>\$ 745,638</u>	<u>\$ 2,904,886</u>

\$20,395 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2022	\$ (881,063)	\$ 104,471	\$ (776,592)
2023	(596,561)	119,085	(477,476)
2024	(161,249)	96,042	(65,207)
2025	(43,723)	92,694	48,971
2026	-	25,971	25,971
Thereafter	-	25,983	25,983
	<u>\$ (1,682,596)</u>	<u>\$ 464,246</u>	<u>\$ (1,218,350)</u>

***Actuarial Assumptions - OPERS***

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



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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 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, 2019, rolled forward to the measurement date of December 31, 2020. 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	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was completed for the five year period ended December 31, 2015.

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

No assurance is provided on these financial statements.

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For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

**Discount Rate** A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the City’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB (Asset)	\$ (173,235)	\$ (696,687)	\$ (1,127,006)

No assurance is provided on these financial statements.

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City’s Proportionate Share of the Net OPEB (Asset)	\$ (713,666)	\$ (696,687)	\$ (677,690)

***Changes between Measurement Date and Report Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	3.75 percent
Cost of Living Adjustments	2.20 percent simple

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2021, are summarized below:

No assurance is provided on these financial statements.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* Levered 2.5x

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 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

No assurance is provided on these financial statements.

**City of New Philadelphia**  
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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 2,071,030	\$ 1,660,886	\$ 1,322,565

***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 12: OTHER EMPLOYEE BENEFITS**

***A. Additional Insurance***

The City contracts with AultCare for major medical insurance, Vision Service Plan for vision insurance for all full-time employees, and AFSCME Care Plan for full-time AFSCME union employees. The City pays \$2 for single eye care, \$5 for family eye care and \$26 for dental insurance premiums. Employees have an HSA health care plan. The City pays \$615 for single care and \$1,404 for family care.

These premiums are paid from the same funds that pay the employees' salaries. The City provides life insurance and accidental death and dismemberment insurance to all full-time employees through American United Life.

***B. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending upon length of service. Vacation accumulation is limited to one year for all employees except for members of the police and fire unions who can accumulate unlimited vacation. All accumulated unused vacation time is paid upon termination of employment with the exclusion of non-bargaining employees.

Employees earn sick leave at the rate of 4.6 hours for every 80 hours worked for City employees and police officers, and at a rate of 13.85 hours for every 104 hours of service for firefighters. Sick leave accumulation is limited based on years of service and is paid upon retirement. As of December 31, 2021, the total liability for unpaid compensated absences was \$1,954,346.

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**NOTE 13: LONG-TERM OBLIGATIONS**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities</b>			
City Improvement Refunding Bonds - 2013	1.0-2.1	\$ 1,545,000	December 1, 2021
Fire Station Construction Serial & Term Bonds - 2016	1.0-4.0	5,000,000	December 1, 2040
Ohio Department of Transportation Loan - 2014	3.00	352,000	July 1, 2024
Ohio Department of Transportation Loan - 2018	3.00	504,000	November 15, 2038
<b>Business-Type Activities</b>			
Ohio Public Works Commission - 2003	-	\$ 350,000	January 1, 2024
Ohio Public Works Commission - 2004	-	100,000	July 1, 2025
Ohio Public Works Commission - 2008	-	60,591	January 1, 2024
Ohio Public Works Commission - 2016	-	387,969	July 1, 2039
Ohio Public Works Commission - 2017	-	11,317	January 1, 2048
Ohio Public Works Commission - 2020	-	49,564	January 1, 2041
Ohio Water Development Water Authority - 2001	-	8,238,264	July 1, 2023
Ohio Water Development Water Authority - 2002	-	1,645,800	July 1, 2023
Ohio Water Development Water Authority - 2003	3.53	870,558	July 1, 2023
Ohio Water Development Water Authority - 2005	4.25	211,630	July 1, 2030
Ohio Water Development Water Authority - 2013	3.29	634,069	January 1, 2034

Changes in the long-term obligations of the City during 2021 were as follows:

	Amount Outstanding 12/30/2020	Additions	(Reductions)	Amount Outstanding 12/30/2021	Amounts Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
2013 City Improvement Refunding Bonds	\$ 180,000	\$ -	\$ (180,000)	\$ -	\$ -
2016 Fire Station Construction Bonds					
Serial and Term Bonds	4,335,000	-	(160,000)	4,175,000	165,000
Unamortized Premium	115,940	-	(5,797)	110,143	-
<i>Total General Obligaion Bonds</i>	<u>4,630,940</u>	<u>-</u>	<u>(345,797)</u>	<u>4,285,143</u>	<u>165,000</u>
<b>Direct Borrowings:</b>					
Ohio Department of Transportation-West High Widening	168,055	-	(46,242)	121,813	47,640
Ohio Department of Transportation-12-bay Hanger	519,120	-	(114,193)	404,927	18,572
Lease Purchases	199,789	700,000	(132,869)	766,920	120,341
<i>Total Direct Borrowings</i>	<u>886,964</u>	<u>700,000</u>	<u>(293,304)</u>	<u>1,293,660</u>	<u>186,553</u>
<b>Other Long-Term Obligations</b>					
Net Pension/OPEB Liability	20,369,441	-	(4,204,389)	16,165,052	-
Compensated Absences	1,581,954	605,796	(503,085)	1,684,665	584,477
Capital Leases	25,360	160,830	(25,360)	160,830	37,965
<i>Total Other Long-Term Obligations</i>	<u>21,976,755</u>	<u>766,626</u>	<u>(4,732,834)</u>	<u>18,010,547</u>	<u>622,442</u>
<i>Total Governmental Activities</i>	<u>\$ 27,494,659</u>	<u>\$ 1,466,626</u>	<u>\$ (5,371,935)</u>	<u>\$ 23,589,350</u>	<u>\$ 973,995</u>

No assurance is provided on these financial statements.

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	Amount Outstanding 12/30/2020	Additions	(Reductions)	Amount Outstanding 12/30/2021	Amounts Due in One Year
<b>Business-Type Activities:</b>					
<i>Direct Borrowings:</i>					
<i>OPWC Loans:</i>					
Ohio Public Works Commission Loan					
Waste Water Treatment Plant Improvements	\$ 70,000	\$ -	\$ (26,250)	\$ 43,750	\$ 17,500
Ohio Public Works Commission Loan - Clearwell	27,500	-	(7,500)	20,000	5,000
Ohio Public Works Commission -Bluebell Pump Station	16,157	-	(6,058)	10,099	4,039
Ohio Public Works Commission -WTP Backwash	10,563	-	(566)	9,997	377
Ohio Public Works Commission -WWTP Headworks Upgrade	378,270	-	(29,098)	349,172	19,398
Ohio Public Works Commission -Wabash Avenue Improvement	49,564	-	(2,479)	47,085	2,478
<i>Total OPWC Loans</i>	<u>552,054</u>	<u>-</u>	<u>(71,951)</u>	<u>480,103</u>	<u>48,792</u>
<i>OWDA Loans:</i>					
Ohio Water Development Authority Loan - Sewer Plant Expansion and Upgrade	1,256,834	-	(418,108)	838,726	418,944
Ohio Water Development Authority Loan - Bass Lake Project	246,870	-	(82,290)	164,580	82,290
Ohio Water Development Authority Loan - Waste Water Treatment Plant Improvements	172,359	-	(55,455)	116,904	57,430
Ohio Water Development Authority Loan - Sewer Loan	111,684	-	(9,176)	102,508	9,570
Ohio Water Development Authority Loan - 5 Points Storm Sewer	471,848	-	(28,275)	443,573	29,213
<i>Total OWDA Loans</i>	<u>2,259,595</u>	<u>-</u>	<u>(593,304)</u>	<u>1,666,291</u>	<u>597,447</u>
<i>Total Direct Borrowings</i>	<u>2,811,649</u>	<u>-</u>	<u>(665,255)</u>	<u>2,146,394</u>	<u>646,239</u>
<i>Other Long-Term Obligations:</i>					
Net Pension/OPEB Liability	4,627,953	-	(2,385,771)	2,242,182	-
Compensated Absences	251,286	128,251	(109,856)	269,681	128,678
<i>Total Other Long-Term Obligations</i>	<u>4,879,239</u>	<u>128,251</u>	<u>(2,495,627)</u>	<u>2,511,863</u>	<u>128,678</u>
<i>Total Business-Type Activities</i>	<u>\$ 7,690,888</u>	<u>\$ 128,251</u>	<u>\$ (3,160,882)</u>	<u>\$ 4,658,257</u>	<u>\$ 774,917</u>

The governmental activities general obligations bonds are being repaid from the bond retirement and fire station bond retirement funds. The West High widening ODOT loan and the hanger ODOT loan are being repaid from the master capital and airport capital improvement funds, respectively. The land purchase loan was repaid from the Evergreen Burial Park fund and general fund. Governmental activities capital leases and lease purchases are being repaid from the fire capital equipment, municipal court computer improvement, safety forces and general funds. Compensated absences liabilities are paid from the fund which pays the employees' salary. For governmental activities, this is primarily the general, safety forces operations, income tax, street maintenance and repair, and cemetery funds.

The business-type activities OPWC and OWDA loans are being repaid from the water and sewer funds. The business-type activities capital leases are being repaid from the water, sewer and sanitation funds. The water, sewer and sanitation funds pay compensated absences liabilities for the business-type activities.

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.



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***Governmental Activities:***

***General Obligation Bonds***

On June 5, 2013, the City issued \$1,545,000 of various purpose refunding bonds, which consisted of serial bonds. The bonds advance refunded \$1,495,000 of outstanding 2002 various purpose refunding and improvement bonds. At the date of refunding, \$1,557,361 (including premium and after underwriting discount and other issuance costs) was received to pay off old debt. As a result, \$570,000 of the refunded bonds is considered to be defeased and the liability for those bonds has been removed from the financial statements. The advance refunding reduced cash flows required for debt service by \$170,385 over the next nine years and resulted in an economic gain of \$153,737. These refunding bonds were issued with a premium of \$12,361 and issuance costs of \$55,440 which were both reflected as current year activity in the year of issuance. These bonds were paid in full during 2021.

In March 2016, the City issued general obligation bonds in the amount of \$5,000,000 for the construction of a fire station. The bonds were issued with a premium of \$144,925 at an interest rate ranging from one to four percent and mature on December 1, 2040. The bond issue consists of serial and term bonds. The bonds maturing on or after December 1, 2023 are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000 on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

Term bonds maturing in 2026, 2028, 2030, 2033, 2036, 2038, and 2040 are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, in December.

General obligation bonds are backed by full faith and credit of the City.

***Direct Borrowings***

On February 24, 2014, the City received a loan from the Ohio Department of Transportation (ODOT). The proceeds of this loan were used for improvements and widening of West High Avenue. Semiannual principal and interest payments of \$25,470 began on January 1, 2017 and will mature on July 1, 2024. Payments will be made from the master capital improvement fund. In the event of default, as defined by the debt agreement, ODOT may declare all amounts payable by the City due. ODOT also holds the right to inspect, examine and copy the books, records, accounts and financial data of the City.

On November 27, 2018, the City received a loan from ODOT. The proceeds of this loan were used for the construction of a 12-bay hanger at the airport. Semiannual principal and interest payments of \$18,767 will begin on May 1, 2021 and will mature on November 15, 2038. Payments will be made from the airport capital improvement fund. In the event of default, as defined by the debt agreement, ODOT may declare all amounts payable by the City due. ODOT also holds the right to inspect, examine and copy the books, records, accounts and financial data of the City.

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In prior years, the City entered into lease purchase agreements for a city wide phone system and a municipal court phone system in the amounts of \$61,926 and \$18,636, respectively. The lease agreements carry an interest rate of 8.68 percent maturity dates of August 31, 2020 and April 28, 2021, respectively. The leases were paid out of the general fund and the municipal court computer improvement fund, respectively. In the event of default, as defined by each lease agreement, the Lessor may retain any payments as liquidated damages and/or repossess and sell any or all equipment. The city wide phone system and municipal court system lease purchases were paid in full during fiscal year 2020 and 2021, respectively.

In 2016, the City entered into a lease purchase agreement for a fire tanker truck in the amount of \$321,963. The lease carries an interest rate of 2.25 percent and a maturity date of August 17, 2021. The lease was paid from the fire capital equipment fund. In the event of default, as defined by the lease agreement, the Lessor may declare all remaining payments immediately due. If payments are not made, the Lessor may retake possession of the fire tanker truck and hold the City liable for all costs incurred by the Lessor as a result of collection activities. This lease purchase was paid in full during fiscal year 2021.

In 2019, the City entered into a lease purchase agreement for an ambulance in the amount of \$259,612. The lease carries an interest rate of 4.48 percent and a maturity date of April 1, 2022. The lease will be paid from the fire capital equipment fund. In the event of default, as defined by the lease agreement, the Lessor may declare all remaining payments immediately due. If payments are not made, the Lessor may retake possession of the ambulance and hold the City liable for all costs incurred by the Lessor as a result of collection activities.

In 2021, the City entered into a lease purchase agreement for a fire truck in the amount of \$700,000. The lease carries an interest rate of 3.13 percent and a maturity date of September 1, 2031. The lease will be paid from the fire capital equipment fund. In the event of default, as defined by the lease agreement, the Lessor may declare all remaining payments immediately due. If payments are not made, the Lessor may retake possession of the ambulance and hold the City liable for all costs incurred by the Lessor as a result of collection activities.

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$2,146,394 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 20.32 percent. The total principal and interest remaining to be paid on the loans is \$2,274,371. Principal and interest paid for the current year and total net revenues were \$691,988 and \$3,406,249, respectively.

In the event of default, as defined each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City treasurer to pay the amounts due from funds appropriated to the City's water/sewer fund. The lender will also be entitled to collect any cost incurred in the event of default.

In the event of default, as defined each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the City to pay any fines or penalties incurred with interest.

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The annual requirements to retire governmental activities debt are as follows:

	General							
	Obligation Bonds		ODOT Loans		Lease Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 165,000	\$ 139,400	\$ 66,212	\$ 15,310	\$ 120,341	\$ 32,400	\$ 351,553	\$ 187,110
2023	170,000	136,100	68,213	13,308	63,365	19,459	301,578	168,867
2024	175,000	131,850	44,805	11,246	65,335	17,489	285,140	160,585
2025	175,000	127,475	20,307	10,274	67,365	15,459	262,672	153,208
2026	180,000	122,225	20,922	9,660	69,459	13,365	270,381	145,250
2027-2031	1,000,000	525,625	114,481	38,426	381,055	33,063	1,495,536	597,114
2032-2036	1,190,000	331,825	132,862	20,046	-	-	1,322,862	351,871
2037-2040	1,120,000	95,169	58,938	2,227	-	-	1,178,938	97,396
	<u>\$ 4,175,000</u>	<u>\$ 1,609,669</u>	<u>\$ 526,740</u>	<u>\$ 120,497</u>	<u>\$ 766,920</u>	<u>\$ 131,235</u>	<u>\$ 5,468,660</u>	<u>\$ 1,861,401</u>

The annual requirements to retire business-type activities debt are as follows:

	Ohio Public Works Commission					
	Loans			Ohio Water Development Authority Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 48,792	\$ 22,908	\$ 597,447	\$ 22,908	\$ 646,239	\$ 22,908
2023	48,793	18,767	601,709	18,767	650,502	18,767
2024	38,024	15,600	41,594	15,600	79,618	15,600
2025	27,255	14,146	43,075	14,146	70,330	14,146
2026	22,253	12,638	44,609	12,638	66,862	12,638
2027-2031	111,269	38,742	234,113	38,742	345,382	38,742
2032-2036	111,268	5,176	103,744	5,176	215,012	5,176
2037-2040	69,996	-	-	-	69,996	-
2040-2044	1,886	-	-	-	1,886	-
2045-2048	567	-	-	-	567	-
	<u>\$ 480,103</u>	<u>\$ 127,977</u>	<u>\$ 1,666,291</u>	<u>\$ 127,977</u>	<u>\$ 2,146,394</u>	<u>\$ 127,977</u>

**NOTE 14: CAPITAL LEASES – LESSEE DISCLOSURE**

In 2019, the City entered into a lease agreement for a vehicle for the police department. This debt will be paid by the master capital improvement fund. The lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. This lease was paid in full in 2021.

In 2019 the City entered into lease agreement for five vehicles for the police department. This debt will be paid by the safety forces operation fund. The lease meets the criteria of a capital lease as the lease term is greater than 75 percent of the remaining economic life.

The assets acquired by the leases have been capitalized in the amount of \$284,146, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$25,271 as of December 31, 2021, leaving a current book value of \$258,875. A corresponding liability is recorded and is reduced for each required principal payment. In the event of default, as defined by each agreement, the Lessor may declare all remaining payments immediately due. If payments are not made, the Lessor may take immediate possession of the vehicle defined by the agreement in default and hold the City liable for amounts payable.

No assurance is provided on these financial statements.

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The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2021:

			<u>Governmental Activities</u>
Year Ending December 31:			
	2022	\$	43,853
	2023		47,837
	2024		47,837
	2025		<u>46,245</u>
Minimum lease payments			<u>185,772</u>
Less: amount representing interest at the City's incremental borrowing rate of interest			<u>(24,942)</u>
Present value of minimum lease payments		\$	<u><u>160,830</u></u>

**NOTE 15: INTERFUND ACTIVITY**

***A. Interfund Transfers***

Interfund transfers for the year ended December 31, 2021, consisted of the following.

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental:		
General	\$ 18,568	\$ -
Nonmajor Governmental Funds:		
Sidewalk Improvement	<u>-</u>	<u>18,568</u>
Totals	<u><u>\$ 18,568</u></u>	<u><u>\$ 18,568</u></u>

The interfund transfer was made from the general fund to transfer the City's share of sidewalk replacements to the sidewalk improvement fund. In addition, the City has ongoing projects which are paid from both governmental activities and business-type activities. Governmental activities transferred construction in progress in the amount of \$575,883 to business-type activities. Business-type activities transferred construction in progress in the amount of \$157,300 to governmental activities.

***B. Interfund Balances***

During 2021, the general fund advanced \$32,819 and \$93,891 to the FEMA Grant and SAFER Grant funds. The primary purpose of the interfund balances is to cover the costs in specific funds where revenues were not received by December 31, 2021. The outstanding advances are expected to be repaid once the anticipated revenues are received.

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**NOTE 16: CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require 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 the overall financial position of the City at December 31, 2021.

**B. Litigation**

The City is not party to any claims or lawsuits that would, in the City's opinion, have a material effect on the basic financial statements.

**NOTE 17: SIGNIFICANT COMMITMENTS**

**A. Contractual Commitments**

As of December 31, 2021, the City had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 12/31/2021</u>
Michael Baker, Jr. - Taxilane Rehab	35,000	-	35,000
Michael Baker, Jr. - Beacon Replacement	22,250	10,012	12,238
Michael Baker, Jr. - 2021 Admin Services	14,600	7,809	6,791
Michael Baker, Jr. - Runway Lighthging Replacement	85,000	-	85,000
Northstar Asphalt - Taxilane Rehab	54,485	-	54,485
DL Smith - Lakeview Sidewalks	426,978	403,416	23,562
Tuscon, Inc - Howden Buffalo Waterline	297,770	114,721	183,049
Tuscon, Inc - 2nd St NW Waterline	117,558	20,520	97,038
WE Quicksall - Minnich Ave Waterline	36,500	7,768	28,732
Vizmeg Landscape - Southside Park	2,105,479	1,937,040	168,439
Totals	<u>\$ 3,195,620</u>	<u>\$ 2,501,286</u>	<u>\$ 694,334</u>

**B. 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 are as follows:

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Fund	Amount
General	\$ 184,112
Street Maintenance and Repair	1,936
Safety Forces Operation	67,320
Other Governmental Funds	10,201
Totals	\$ 263,569

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

**NOTE 18: ASSET RETIREMENT OBLIGATIONS**

Ohio Revised Code (ORC) Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the City would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, there is significant uncertainty as to what public safety issues would need to be addressed. Based on this uncertainty, the ARO amount is not reasonably estimable at this time and therefore an ARO is not recognized in the City’s financial statements.

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code (OAC) Section 1301-7-9 and require a City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. In accordance with OAC Section 1301-7-9, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, while the City is familiar with the requirements, the cost to satisfy these requirements is not reasonably estimable at this time and therefore an ARO is not recognized in the City’s financial statements.

**NOTE 19: FUND BALANCE**

Fund balance can be 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 the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

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	General Fund	Street Maintenance and Repair	Safety Forces Operation	Other Governmental	Total
Nonspendable for:					
Inventory	\$ 108,566	\$ 358,684	\$ -	\$ -	\$ 467,250
Unclaimed Monies	40,805	-	-	-	40,805
<b>Total Nonspendable</b>	<b>149,371</b>	<b>358,684</b>	<b>-</b>	<b>-</b>	<b>508,055</b>
Restricted for:					
Public Safety and Law Enforcement	-	-	973,420	299,033	1,272,453
Street Maintenance	-	710,580	-	250,807	961,387
Cemetery	-	-	-	401,684	401,684
Debt Service	-	-	-	403,983	403,983
Municipal Court	-	-	-	1,356,524	1,356,524
Community Development	-	-	-	100,096	100,096
Capital Outlay	-	-	-	913,891	913,891
Public Health	-	-	-	-	-
Other	-	-	-	23,360	23,360
<b>Total Restricted</b>	<b>-</b>	<b>710,580</b>	<b>973,420</b>	<b>3,749,378</b>	<b>5,433,378</b>
Committed for:					
Fire and Ambulance	-	-	-	261,954	261,954
Debt Service	-	-	-	1,475	1,475
Municipal Court	241,001	-	-	-	241,001
Other Purposes	-	-	-	250,298	250,298
<b>Total Committed</b>	<b>241,001</b>	<b>-</b>	<b>-</b>	<b>513,727</b>	<b>754,728</b>
Assigned:					
Encumbrances					
General Government	56,762	-	-	-	56,762
Security of Persons and Property	35,432	-	-	-	35,432
Transportation	1,141	-	-	-	1,141
Public Health	-	-	-	-	-
Leisure Time Activities	48,839	-	-	-	48,839
Capital Outlay	10,225	-	-	-	10,225
Airport Capital Improvement	23,018	-	-	-	23,018
Income Tax	1,231	-	-	-	1,231
Subsequent Year Appropriations	1,012,687	-	-	-	1,012,687
<b>Total Assigned</b>	<b>1,189,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,189,335</b>
Unassigned	52,094	-	-	(98,604) *	(46,510)
<b>Total Fund Balance</b>	<b>\$ 1,631,801</b>	<b>\$ 1,069,264</b>	<b>\$ 973,420</b>	<b>\$ 4,164,501</b>	<b>\$ 7,838,986</b>

\*Fund Balances at December 31, 2021 included deficits of \$1,927, \$94,833 and \$1,844, in the FEMA Grant, SAFER Grant, and ODOT Project funds, respectively.

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

No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**NOTE 22: COVID-20**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**NOTE 21: NEW PHILADELPHIA CITY HEALTH DISTRICT**

The constitution and laws of the State of Ohio establish the rights and privileges of the New Philadelphia City Health District, Tuscarawas County (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Mayor appoints the Board. The District's services include communicable disease investigations, immunization clinics, mosquito and smoking control programs, inspections, and public health nursing services, and the District issues health-related licenses and permits. The District is operating by a board with all members appointed by the City Mayor. The City provides funding to the District, thus the City can impose will on the District, and the District imposes a financial burden to the City. Therefore, the District is considered a discretely presented component unit of the City of New Philadelphia.

***Summary of Significant Accounting Policies***

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

***Basis of Presentation: Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the District as a whole. The statement of net position presents the financial condition of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. 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 District.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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

**Basis of Accounting** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes grants and donations. Revenue from grants 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Pooled Cash and Investments** The City of New Philadelphia Treasurer is custodian for the District's deposits. The City's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

**Accrued Liabilities and Long-Term Obligations** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

**Net Position** Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Receivables***

Receivables at December 31, 2021 consisted solely of intergovernmental receivables arising from grants.

***Risk Management***

***Commercial Insurance*** The District has obtained commercial insurance for vehicles.

***Risk Pool Membership*** The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (most current information available):

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$ 14,111,510

***Contingencies***

***Grants*** Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow; however, based on prior experience, management believes any refunds would be immaterial.

***Litigation*** Management is not aware of any pending litigation.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Last Eight Years (1)*

	2021	2020	2019	2018
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
City's Proportion of the Net Pension Liability	0.0409240%	0.0388230%	0.0395410%	0.0409956%
City's Proportionate Share of the Net Pension Liability	\$ 6,059,953	\$ 7,673,629	\$ 10,829,478	\$ 6,431,422
City's Covered Payroll	\$ 5,763,929	\$ 5,462,343	\$ 5,340,679	\$ 5,670,757
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%	113.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
City's Proportion of the Net Pension Liability	0.1567589%	0.1571912%	0.1558740%	0.1606510%
City's Proportionate Share of the Net Pension Liability	\$ 10,686,395	\$ 10,589,272	\$ 12,723,437	\$ 9,859,863
City's Covered Payroll	\$ 3,923,232	\$ 3,585,069	\$ 3,471,004	\$ 3,445,910
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	272.39%	295.37%	366.56%	286.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.  
No assurance is provided on these financial statements.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.0385608%	0.0393160%	0.0399860%	0.0399860%
\$	8,756,492	\$ 6,810,027	\$ 4,822,758	\$ 4,713,828
\$	4,989,825	\$ 4,863,000	\$ 4,903,692	\$ 3,982,946
	175.49%	140.04%	98.35%	118.35%
	77.25%	81.08%	86.45%	86.36%
	0.1483620%	0.1492050%	0.1453451%	0.1453451%
\$	9,397,131	\$ 9,598,462	\$ 7,529,482	\$ 7,078,762
\$	3,138,985	\$ 2,968,896	\$ 2,894,854	\$ 2,140,640
	299.37%	323.30%	260.10%	330.68%
	68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.  
No assurance is provided on these financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - Pension*  
*Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 841,175	\$ 806,950	\$ 764,728	\$ 747,695
Contributions in Relation to the Contractually Required Contribution	<u>(841,175)</u>	<u>(806,950)</u>	<u>(764,728)</u>	<u>(747,695)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,008,393	\$ 5,763,929	\$ 5,462,343	\$ 5,340,679
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 882,430	\$ 847,383	\$ 775,630	\$ 747,659
Contributions in Relation to the Contractually Required Contribution	<u>(882,430)</u>	<u>(847,383)</u>	<u>(775,630)</u>	<u>(747,659)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,078,907	\$ 3,923,232	\$ 3,585,069	\$ 3,471,004
Contributions as a Percentage of Covered Payroll	21.63%	21.60%	21.64%	21.54%

(n/a) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 737,198	\$ 598,779	\$ 583,560	\$ 588,443	\$ 517,783	n/a
<u>(737,198)</u>	<u>(598,779)</u>	<u>(583,560)</u>	<u>(588,443)</u>	<u>(517,783)</u>	<u>n/a</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>n/a</u>
\$ 5,670,757	\$ 4,989,825	\$ 4,863,000	\$ 4,903,692	\$ 3,982,946	n/a
13.00%	12.00%	12.00%	12.00%	13.00%	n/a
\$ 742,971	\$ 675,455	\$ 639,089	\$ 608,260	\$ 389,142	\$ 375,944
<u>(742,971)</u>	<u>(675,455)</u>	<u>(639,089)</u>	<u>(608,260)</u>	<u>(389,142)</u>	<u>(375,944)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,445,910	\$ 3,138,985	\$ 2,968,896	\$ 2,894,854	\$ 2,140,640	\$ 2,488,687
21.56%	21.52%	21.53%	21.01%	18.18%	15.11%

See accompanying notes to the required supplementary information.

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Five Years (1)*

	2021	2020	2019	2018	2017
<b>Ohio Public Employees' Retirement System (OPERS)</b>					
City's Proportion of the Net OPEB Liability (Asset)	0.0391050%	0.0375150%	0.0384500%	0.0400351%	0.0380020%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (696,687)	\$ 5,181,796	\$ 5,012,972	\$ 4,347,514	\$ 3,838,331
City's Covered Payroll	\$ 5,763,929	\$ 5,462,343	\$ 5,340,679	\$ 5,670,757	\$ 4,989,825
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.09%	94.86%	93.86%	76.67%	76.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%
<b>Ohio Police and Fire Pension Fund (OPF)</b>					
City's Proportion of the Net OPEB Liability	0.1567589%	0.1571912%	0.1558740%	0.1606510%	0.1483620%
City's Proportionate Share of the Net OPEB Liability	\$ 1,660,886	\$ 1,552,697	\$ 1,419,472	\$ 9,102,238	\$ 7,042,410
City's Covered Payroll	\$ 3,923,232	\$ 3,585,069	\$ 3,471,004	\$ 3,445,910	\$ 3,138,985
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.33%	43.31%	40.90%	264.15%	224.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - OPEB*  
*Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 6,008,393	\$ 5,763,929	\$ 5,462,343	\$ 5,340,679
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 20,395	\$ 19,616	\$ 17,925	\$ 17,355
Contributions in Relation to the Contractually Required Contribution	<u>(20,395)</u>	<u>(19,616)</u>	<u>(17,925)</u>	<u>(17,355)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,078,907	\$ 3,923,232	\$ 3,585,069	\$ 3,471,004
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 54,176	\$ 99,797	n/a	n/a	n/a	n/a
<u>(54,176)</u>	<u>(99,797)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>\$ -</u>	<u>\$ -</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
\$ 5,670,757	\$ 4,989,825	n/a	n/a	n/a	n/a
0.96%	2.00%	n/a	n/a	n/a	n/a
\$ 17,230	\$ 15,695	\$ 14,844	\$ 174,031	\$ 173,471	\$ 167,987
<u>(17,230)</u>	<u>(15,695)</u>	<u>(14,844)</u>	<u>(174,031)</u>	<u>(173,471)</u>	<u>(167,987)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,445,910	\$ 3,138,985	\$ 2,968,896	\$ 2,894,854	\$ 2,140,640	\$ 2,488,687
0.50%	0.50%	0.50%	6.00%	8.10%	6.75%

See accompanying notes to the required supplementary information.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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**NOTE 1 - NET PENSION LIABILITY**

***Changes in Assumptions – OPERS***

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

***Changes in Benefit Terms – OPERS***

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

***Changes in Assumptions – OP&F***

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

***Changes in Benefit Terms – OP&F***

No significant changes in benefit terms.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions - OPERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

***Changes in Benefit Terms – OPERS***

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

***Changes in Assumptions – OP&F***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

***Changes in Benefit Terms – OP&F***

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.