



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO

BUTLER COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER



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

Members of Council
City of Hamilton
345 High Street
Hamilton, Ohio 45011

We have reviewed the *Independent Auditor's Report* of the City of Hamilton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

July 07, 2023

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CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Assistance Listing Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	n/a	14.218	\$ 472,454	\$ 1,686,496
Community Development Block Grants/Entitlement Grants Revolving Loan	n/a	14.218		10,367
COVID-19 - Community Development Block Grant CARES Act	n/a	14.218	179,795	297,970
Total CDBG - Entitlement Grants Cluster			<u>652,249</u>	<u>1,994,833</u>
HOME Investment Partnerships Program	n/a	14.239	693,501	696,012
Total U.S. Department of Housing and Urban Development			<u>1,345,750</u>	<u>2,690,845</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Bulletproof Vest Partnership Program	n/a	16.607		<u>33,447</u>
Comprehensive Opioid Abuse Site-Based Program	n/a	16.838		<u>196,649</u>
Equitable Sharing Program	n/a	16.922		<u>10,844</u>
<i>(Passed through from Ohio Department of Public Safety):</i>				
Community Prosecution & Project Safe Neighborhoods	2020-PS-PSD-454	16.609		<u>92,667</u>
Total U.S. Department of Justice				<u>333,607</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Highway Safety Cluster:				
<i>(Passed through Ohio Department of Public Safety):</i>				
State and Community Highway Safety	IDEP/STEP - 2022 - 00035	20.600		18,279
State and Community Highway Safety	IDEP/STEP - 2023 - 00035	20.600		5,666
				<u>23,945</u>
<i>(Passed through City of Oxford):</i>				
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2022-00007	20.601		22,052
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2023-00007	20.601		5,303
				<u>27,355</u>
<i>(Passed through Ohio Department of Transportation):</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	PID #104695	20.205		43,863
Highway Planning and Construction	PID #109757	20.205		459,190
Highway Planning and Construction	PID #113302	20.205		2,232,477
Highway Planning and Construction	PID #113738	20.205		278,377
Total Highway Planning & Construction Cluster				<u>3,013,907</u>
<i>(Passed through Ohio Department of Public Safety):</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP - 2022 - 00035	20.608		17,885
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP - 2023 - 00035	20.608		4,957
				<u>22,842</u>
Total U.S. Department of Transportation				<u>3,088,049</u>

(continued)

CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2022

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Assistance Listing Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	n/a	21.027		<u>25,090,200</u>
Total U.S. Department of the Treasury				<u>25,090,200</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Passed through Butler County Health Department):</i>				
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	009100012PH1221	93.074		<u>5,332</u>
COVID-19 - Immunization Cooperative Agreements	00910012CN0122	93.268		<u>75,959</u>
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	00910012EO0121	93.323		<u>83,398</u>
Public Health Workforce	00910012WF0122	93.354		<u>79,553</u>
Total U.S. Department of Health and Human Services				<u>244,242</u>
Total Passed Through to Subrecipients and Federal Expenditures			<u>\$ 1,345,750</u>	<u>\$ 31,446,943</u>

CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards - continued
Year Ended December 31, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Hamilton, Ohio (the "City") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - PASSTHROUGH AWARDS

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Hamilton, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio ("City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members of City Council
City of Hamilton, Ohio:

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited the City of Hamilton, Ohio's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 21, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

**CITY OF HAMILTON, OHIO
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
• ALN 21.027 – COVID-19-Coronavirus State and Local Fiscal Recovery Funds	
• ALN 20.205 – Highway Planning and Construction	
Dollar threshold to distinguish between Type A and Type B Programs:	\$943,408
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.





2022 ANNUAL REPORT

The Annual Comprehensive Financial Report for Hamilton, Ohio - Year Ended 12/31/22



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Prepared by:
Department of Finance

David Jones
Finance Director



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BUTLER COUNTY, OHIO

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INTRODUCTORY SECTION







CITY OF HAMILTON OHIO

Department of Finance

One Renaissance Center
345 High Street, Hamilton Ohio 45011
phone (513) 785-7150 fax (513) 785-7160

June 21, 2023

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

We are pleased to present this Annual Comprehensive Financial Report for Hamilton, Ohio. This report, for the year ended December 31, 2022, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the City of Hamilton's Department of Finance.

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

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

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

THE REPORTING ENTITY

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

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2022

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

CITY OVERVIEW

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

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

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

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

RECENT ECONOMIC DEVELOPMENT

Since 2013 alone, more than \$620 million has been invested in our community by businesses locating or expanding here, developers renovating our downtown buildings, or through infrastructure upgrades and improvements. In the same period, more than 2,500 jobs have been filled. These numbers are a testament to the strength of our local economy, and they show the optimism of local residents and employers. The following includes some highlights of this growth in our community.

*Letter of Transmittal
For the Year Ended December 31, 2022*

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

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

Our Economic Development Department worked with 18 retail and restaurant businesses that opened or expanded in Hamilton in 2022. All of these businesses enhance the quality of life in Hamilton, making it a better place for people to live, work, and shop. New or expanded small businesses in 2022 included:

- Dulce Pecado
- Harley Uzed Apparel & Parts Boutique
- Kinship Teas
- Luke's Custom Cakes (expansion)
- Morgan Renae Bridal & Event Venue
- OffCenter Designs
- Oliver's Toy Chest
- PAHHNI Water
- Pohlman Lanes (expansion)
- Pour House
- Rose of Sharon
- Seraph by the River
- Studio Undefined
- TerraLuna Pilates

*Letter of Transmittal
For the Year Ended December 31, 2022*

- The Fringe
- The Hamiltonian
- The Studio
- Wildfire Hygge Home

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

Vinylmax, a Hamilton company that manufactures vinyl and wood windows and window replacements, was awarded a state tax credit in 2021 to create more jobs and increase business opportunities. The credit comes as a result of their announced 150,000 square foot expansion that will bring 150 new full-time positions and generate approximately \$5.6 million more in annual payroll. In July 2020, Saica Group, one of the largest and most advanced European players in the development and production of recycled paper for corrugated packaging, announced its first North American facility in Hamilton, Ohio. The new 350,000 square-foot corrugated manufacturing facility in the Hamilton Enterprise Park produced its first boxes in November 2021 and became fully operational in early 2022. With this new project, Saica Group created 64 new jobs in the City of Hamilton. The jobs created at the site consist of 27 skilled operators, 15 manufacturing, engineering, and supply chain professionals, 13 sales staff, and 9 office and management positions.

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

The City continues to see development on Route 4, a highly traveled corridor in Hamilton. Third Eye Brewing is currently constructing a \$3.1 development in the former Pepsi Bottling Plant. The new facility will include a 10,000 square foot production facility, a spacious taproom, and a full-service kitchen. The project is expected to be complete in 2023. Nearby in this area, the YWCA opened its new \$11 million facility. The new location includes 45 permanent and supportive housing units for people experiencing chronic homelessness in Butler County.

***Letter of Transmittal
For the Year Ended December 31, 2022***

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2022

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

In 2022, the City once again saw record income tax collections, with the General Fund's portion topping \$27.2 million, an increase of \$2.7 million over actual collections in 2021. The City used a combination of ARPA funds and carryover fund balance to make several strategic expenditures to invest in the City's future and keep the momentum going in the growth the City has seen in recent years. The City has budgeted \$4.0 million for construction of a new Fire Station 26, \$2.2 million for stormwater system improvements, \$1.15 million for South B Street improvements, and approximately \$8.0 million (in addition to debt proceeds of \$24 million) on the construction of a new criminal justice center. The planned criminal justice center will be the new home of the Hamilton Police Department and the Hamilton Municipal Court. Construction on the \$32 million facility will begin in 2023.

INDEPENDENT AUDIT

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2022, by Clark, Schaefer, Hackett & Co. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of an Annual Comprehensive Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hamilton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards.

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

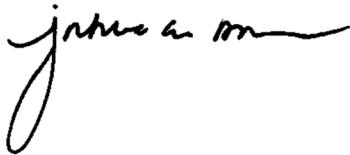
CITY OF HAMILTON, OHIO

*Letter of Transmittal
For the Year Ended December 31, 2022*

ACKNOWLEDGEMENTS

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

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



Joshua A. Smith
City Manager



David C. Jones, CPA
Director of Finance

CITY OF HAMILTON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2022***

***ELECTED
OFFICIALS***

Pat Moeller	Mayor
Michael Ryan	Vice Mayor
Eric Pohlman	Council Member
Carla Fiehrer	Council Member
Joel Lauer	Council Member
Susan Vaughn	Council Member
Timothy Naab	Council Member
Daniel J. Gattermeyer, Judge	Municipal Court

OFFICE

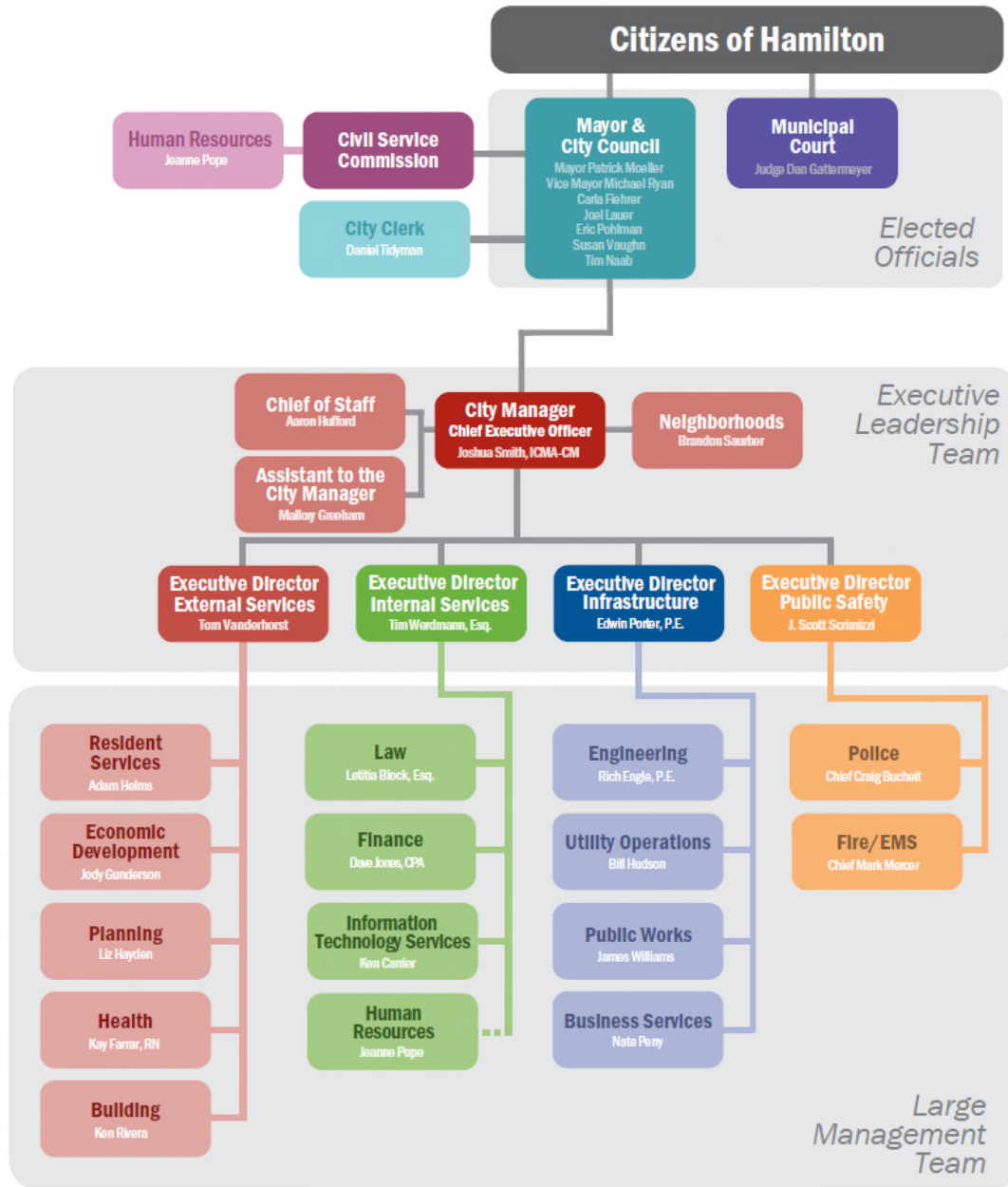
***ADMINISTRATIVE
PERSONNEL***

Joshua A. Smith	City Manager
Timothy Werdmann	Executive Director of Internal Services
Thomas Vanderhorst	Executive Director of External Services
Edwin Porter	Executive Director of Infrastructure Services
J. Scott Scrimizzi	Executive Director of Public Safety
David Jones, CPA	Director of Finance
Letitia Block	Director of Law
Brandon Saurber	Director of Neighborhoods
Ken Carrier	Director of Strategy & Information
Jeanne Pope	Director of Civil Service and Personnel
Craig Bucheit	Police Chief
Mark Mercer	Fire Chief
Jody Gunderson	Director of Economic Development
Adam Helms	Director of Resident Services
Kenneth Rivera	Director of Building
Cindy Hogg	Director of Health
Elizabeth Hayden	Director of Planning
Bill Hudson	Director of Utility Operations
Richard Engle, P.E.	Director of Engineering
Jim Williams	Director of Public Works
Daniel Tidyman	City Clerk

TITLE

CITY OF HAMILTON, OHIO

**City Organizational Chart
For the Year Ended December 31, 2022**



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



Government Finance Officers Association

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

Presented to

**City of Hamilton
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Hamilton, Ohio:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparisons for the General Fund, Health Department Fund, and Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023 on our consideration of the City of Hamilton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hamilton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hamilton's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023



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

Unaudited

This discussion and analysis of the City of Hamilton's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key (***GAAP Basis***) financial highlights for 2022 are as follows:

- ❑ In total, net position increased \$47,199,627. Net position of governmental activities increased \$38,503,060, or 63%. Net position of business-type activities increased \$8,696,567, or 3%.
- ❑ General revenues accounted for \$52,690,985 in revenue or 21% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$196,415,365, or 79%, of total revenues of \$249,106,350.
- ❑ The City had \$77,107,753 in expenses related to governmental activities; \$62,687,478 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$53,918,335 were adequate to provide for these programs.
- ❑ The general fund had \$46,862,010 in revenues and \$25,246,827 in expenditures. The general fund's fund balance decreased from \$32,240,042 to \$32,202,930.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF HAMILTON, OHIO

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

Unaudited

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

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

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

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CITY OF HAMILTON, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$357,295,457 (\$99,945,917 in governmental activities and \$257,349,540 in business type activities) as of December 31, 2022. By far, the largest portion of the City's net position (\$300,625,924) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table below provides a summary of the City's statement of net position for 2022 compared to 2021.

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$163,712,828	\$110,006,998	\$105,290,399	\$102,476,711	\$269,003,227	\$212,483,709
Net OPEB Asset	2,242,753	1,239,183	4,061,359	2,272,147	6,304,112	3,511,330
Capital assets, Net	149,486,004	133,317,229	313,436,538	318,217,413	462,922,542	451,534,642
Total Assets	<u>315,441,585</u>	<u>244,563,410</u>	<u>422,788,296</u>	<u>422,966,271</u>	<u>738,229,881</u>	<u>667,529,681</u>
Deferred Outflows of Resources	24,126,215	15,461,972	5,978,110	5,014,701	30,104,325	20,476,673
Net Pension Liability	52,273,849	58,693,873	11,017,193	18,478,104	63,291,042	77,171,977
Net OPEB Liability	8,103,849	7,555,970	0	0	8,103,849	7,555,970
Total OPEB Liability	250,551	336,373	1,002,204	1,345,492	1,252,755	1,681,865
Other Long-term Liabilities	90,442,586	88,977,599	125,302,635	130,060,169	215,745,221	219,037,768
Other Liabilities	46,025,961	17,136,222	16,129,396	14,520,747	62,155,357	31,656,969
Total Liabilities	<u>197,096,796</u>	<u>172,700,037</u>	<u>153,451,428</u>	<u>164,404,512</u>	<u>350,548,224</u>	<u>337,104,549</u>
Deferred Inflows of Resources	42,525,087	25,882,488	17,965,438	14,923,487	60,490,525	40,805,975
Net Position						
Net Investment in Capital Assets	107,664,999	98,174,900	192,960,925	195,264,437	300,625,924	293,439,337
Restricted	25,144,359	20,840,792	11,089,133	11,063,967	36,233,492	31,904,759
Unrestricted (Deficit)	(32,863,441)	(57,572,835)	53,299,482	42,324,569	20,436,041	(15,248,266)
Total Net Position	<u>\$99,945,917</u>	<u>\$61,442,857</u>	<u>\$257,349,540</u>	<u>\$248,652,973</u>	<u>\$357,295,457</u>	<u>\$310,095,830</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current year, this represented \$36,233,492.

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

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

Unaudited

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

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

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

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

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

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

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

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

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

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

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

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CITY OF HAMILTON, OHIO

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

Unaudited

Change in Net Position – The following table shows the change in net position for 2022 compared with 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services and Sales	\$18,801,829	\$18,774,072	\$133,727,887	\$130,920,435	\$152,529,716	\$149,694,507
Operating Grants and Contributions	33,295,944	14,461,507	0	0	33,295,944	14,461,507
Capital Grants and Contributions	10,589,705	2,972,337	0	0	10,589,705	2,972,337
Total Program Revenues	62,687,478	36,207,916	133,727,887	130,920,435	196,415,365	167,128,351
General Revenues:						
Property Taxes	11,070,110	9,710,941	0	0	11,070,110	9,710,941
Income Taxes	36,761,592	31,245,133	0	0	36,761,592	31,245,133
Other Local Taxes	3,282,213	3,301,292	0	0	3,282,213	3,301,292
Intergovernmental, Unrestricted	3,240,413	3,066,316	0	0	3,240,413	3,066,316
Investment Earnings	(1,819,798)	(142,439)	(1,227,350)	(342,394)	(3,047,148)	(484,833)
Miscellaneous	1,383,805	4,293,378	0	0	1,383,805	4,293,378
Total General Revenues	53,918,335	51,474,621	(1,227,350)	(342,394)	52,690,985	51,132,227
Total Revenues	116,605,813	87,682,537	132,500,537	130,578,041	249,106,350	218,260,578
Program Expenses						
General Government	18,470,115	6,246,010	0	0	18,470,115	6,246,010
Security of Persons and Property	36,180,916	33,588,698	0	0	36,180,916	33,588,698
Leisure Time Activities	2,063,074	2,012,859	0	0	2,063,074	2,012,859
Community Environment	3,792,757	1,818,527	0	0	3,792,757	1,818,527
Basic Utility Services	6,681,915	7,558,497	0	0	6,681,915	7,558,497
Transportation	6,256,765	6,621,360	0	0	6,256,765	6,621,360
Public Health and Welfare Services	846,360	712,773	0	0	846,360	712,773
Interest and Fiscal Charges	2,815,851	2,636,393	0	0	2,815,851	2,636,393
Gas Utility	0	0	20,191,885	17,796,790	20,191,885	17,796,790
Electric Utility	0	0	77,236,352	68,304,783	77,236,352	68,304,783
Water Utility	0	0	15,504,942	13,540,250	15,504,942	13,540,250
Wastewater Utility	0	0	11,865,791	10,274,234	11,865,791	10,274,234
Total Expenses	77,107,753	61,195,117	124,798,970	109,916,057	201,906,723	171,111,174
Change in Net Position						
Before Transfers	39,498,060	26,487,420	7,701,567	20,661,984	47,199,627	47,149,404
Transfers	(995,000)	0	995,000	0	0	0
Total Change in Net Position	38,503,060	26,487,420	8,696,567	20,661,984	47,199,627	47,149,404
Beginning Net Position	61,442,857	34,955,437	248,652,973	227,990,989	310,095,830	262,946,426
Ending Net Position	\$99,945,917	\$61,442,857	\$257,349,540	\$248,652,973	\$357,295,457	\$310,095,830

CITY OF HAMILTON, OHIO

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

Unaudited

Governmental Activities

Governmental activities net position increased \$38,503,060, or 63% during 2022. An increase in operating grants can be attributed to State and Local Fiscal Recovery Funds, received as part of the American Rescue Plan Act. Also contributing to the increase in operating grants were HOME Program grants received for new single family housing construction. Capital grants and contributions included grants received from the State of Ohio for the construction of a bike trail as well as Ohio Department of Transportation grants received for various street and traffic improvement projects.

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

A decrease in investment earnings can be attributed to a decrease in the fair value of investments. An increase in miscellaneous revenue in the prior year due to refunds received from the Ohio Bureau of Worker’s Compensation resulted in a subsequent decrease in the current year.

A substantial increase in general government expense was due to multiple factors. The City contributed approximately \$4,000,000 to the Hamilton Community Improvement Corporation and the Hamilton CORE Fund. In 2022 the City recognized a \$3,500,000 claim payable to St. Clair Township due to a settlement with the Township involving the annexation of property by the City from the Township.

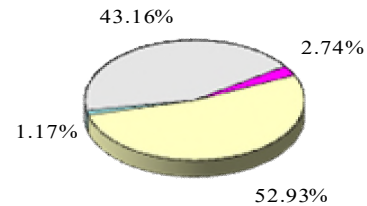
An increase in basic utility services in the prior year due to infrastructure improvements at the Spooky Nook Sports complex resulted in a subsequent decrease in basic utility services in 2022. Grant funding received for new single family home construction contributed to an increase in community environment expense.

An overall decrease in expenses in the prior year due to changes in the net pension and net OPEB liabilities/asset contributed to increases in general government and security of persons expense in 2022.

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

Income taxes and property taxes made up 31% and 9%, respectively, of revenues for governmental activities in 2022. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 43% of total revenues from general tax revenues:

Revenue Sources	2022	Percent of Total
General Tax Revenues	\$51,113,915	43.16%
Intergovernmental, Unrestricted	3,240,413	2.74%
Program Revenues	62,687,478	52.93%
General Other	1,383,805	1.17%
Total Revenue*	\$118,425,611	100.00%



*Excludes investment earnings of (\$1,819,798)

CITY OF HAMILTON, OHIO

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

Unaudited

Business-Type Activities

Net position of business-type activities increased \$8,696,567. This represents a 3% change from the prior year.

An increase in revenues can be attributed to increases in receipts in the gas and electric departments. Gas revenues increased due to increased sales to City consumers as well as increased sales to the AMP Fremont Energy Center. Additionally, the Gas Cost Recovery Rider decreased from a credit of \$0.09 Ccf to \$0.05 Ccf.

Electric department receipts increased mostly due to insurance reimbursements received for damages at the Greenup Hydroelectric Plant.

A substantial decrease in expenses across all four utilities in the prior year due to changes in the net pension and net OPEB liabilities/asset resulted in a subsequent increase in expense in 2022.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$95,836,188, which is an increase from last year's balance of \$76,831,157. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	\$32,202,930	\$32,240,042	(\$37,112)
Health Department	13,772	12,734	1,038
SLFRF	0	(17,517)	17,517
Hamilton Capital Improvement	30,519,844	26,031,292	4,488,552
Criminal Justice Center Construction	7,169,061	0	7,169,061
Other Governmental	25,930,581	18,564,606	7,365,975
Total	<u>\$95,836,188</u>	<u>\$76,831,157</u>	<u>\$19,005,031</u>

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

CITY OF HAMILTON, OHIO

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

Unaudited

	2022 Revenues	2021 Revenues	Increase (Decrease)
Income Taxes	\$28,199,086	\$24,240,373	\$3,958,713
Property and Other Local Taxes	5,866,186	5,863,563	2,623
Intergovernmental Revenues	4,234,620	11,868,694	(7,634,074)
Charges for Services	6,603,077	6,302,884	300,193
Licenses and Permits	1,139,735	1,030,580	109,155
Investment Earnings	(59,679)	97,195	(156,874)
Fines and Forfeitures	392,206	434,249	(42,043)
All Other Revenue	486,779	3,511,115	(3,024,336)
Total	\$46,862,010	\$53,348,653	(\$6,486,643)

General Fund revenues decreased \$6,486,643, or approximately 12%, when compared with the previous year. An increase in intergovernmental revenues in the prior year due to funding received from the State and Local Fiscal Recovery Fund, as part of the American Rescue Plan Act resulted in a subsequent decrease in 2022. Increases in income taxes can be attributed to economic expansion at the Hamilton Enterprise Park and due to the Spooky Nook Sports complex.

An increase in all other revenue in the prior year due to refunds received from the Ohio Bureau of Worker's Compensation resulted in a subsequent decrease in the current year.

	2022 Expenditures	2021 Expenditures	Increase (Decrease)
General Government	\$13,597,102	\$9,279,170	\$4,317,932
Security of Persons and Property	7,364,274	29,181,065	(21,816,791)
Leisure Time Activities	1,600,000	1,530,193	69,807
Community Environment	832,618	640,430	192,188
Basic Utility Services	427,071	312,421	114,650
Debt Service:			
Principal Retirement	514,351	480,000	34,351
Interest and Fiscal Charges	911,411	922,968	(11,557)
Total	\$25,246,827	\$42,346,247	(\$17,099,420)

General Fund expenditures decreased \$17,099,420, or approximately 40% from the prior year. An increase in general government can mostly be attributed to grants made to the Hamilton Community Improvement Corporation. A substantial decrease in security of persons and property was due to police and fire wages and benefits being paid from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund.

Health Department Fund – The City's Health Department Fund remained stable, increasing from a balance of \$12,734 to \$13,772. Public health expenditures of \$1,061,662 were funded by grants, charges for services, licenses and permits, and transfers in from the general fund.

CITY OF HAMILTON, OHIO

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

Unaudited

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund – The SLFRF Fund reported \$25,090,200 in coronavirus relief funding, which was used to pay wages and benefits of police and fire employees.

Hamilton Capital Improvement Fund – The City's Capital Improvement Fund balance increased 17% in 2022. Expenditures included outlays for building improvements, infrastructure improvements, and various equipment purchases. An increase in intergovernmental revenues included grants received from the State of Ohio for the construction of a bike trail.

Criminal Justice Center Construction Fund – The Criminal Justice Center Construction Fund has a cash balance of \$30 million at December 31, 2022 to be used for construction of a new justice center. Funding for the project consisted of \$23 million in note proceeds and \$8 million of transfer from the General Fund.

Other Governmental Funds – The City's Other Governmental Funds reported an increase in fund balance of \$7,365,975, or 40%. An increase in intergovernmental revenues can be attributed to Ohio Department of Transportation grants received for various street and traffic improvement projects, which also resulted in an increase in expenditures for capital outlay.

Also contributing to increases in intergovernmental revenues were HOME Program grants received for new single family housing construction, which resulted in increased community environment expenditures.

Budgetary

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2021 the City amended its General Fund budget several times.

For the General Fund, final budgeted revenues were 7% higher than original estimates due to increases in income taxes. Final estimated receipts and actual budget basis receipts were not materially different. Final appropriations were 31% less than original estimates and actual budget basis expenditures were 9% less than final estimates due to the funding of police and fire wages and benefits from the Coronavirus State and Local Fiscal Recovery Funds Fund.

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CITY OF HAMILTON, OHIO

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

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had \$462,922,542 invested in land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment, net of accumulated depreciation. Of this total, \$149,486,004 was related to governmental activities and \$313,436,538 to the business-type activities. The following tables show 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	\$22,895,230	\$21,817,381	\$1,077,849
Construction In Progress	42,740,049	33,262,556	9,477,493
Buildings and Improvements	51,820,171	47,177,381	4,642,790
Leased Buildings	144,726	0	144,726
Machinery and Equipment	36,600,296	34,776,075	1,824,221
Leased Equipment	211,783	0	211,783
Infrastructure	190,404,169	187,138,058	3,266,111
Less: Accumulated Depreciation	(195,330,420)	(190,854,222)	(4,476,198)
Totals	\$149,486,004	\$133,317,229	\$16,168,775

Land increased due to the purchase of several parcels north of the downtown area.

Construction in progress increased due to the construction of several street resurfacing and intersection improvement projects. The Gilmore Ponds recreational trail also began construction as well as a sanitary sewer replacement program.

Buildings and improvements increased as a direct result of the completion of a large parking lot near Spooky Nook sports complex. One Renaissance Center also received a roof replacement and new cooling towers. In addition, a new traffic management center was constructed.

Machinery and equipment increased due to the purchase of several police cruisers, two firetrucks and an ambulance. Stormwater purchased a backhoe and a dump truck. Streets purchased a snowplow as well as a bobcat.

Infrastructure increased due to the completion of Phase II of the Beltline recreational trail which included 3370 feet of paved trail. One of the street resurfacing projects was also completed.

CITY OF HAMILTON, OHIO

***Management's Discussion and Analysis
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Unaudited

	Business-Type Activities		Increase (Decrease)
	2022	2021	
Land	\$10,815,289	\$9,485,792	\$1,329,497
Construction in Progress	36,665,651	52,571,081	(15,905,430)
Intangible Capital Assets	1,070,786	1,070,786	0
Buildings and Improvements	137,047,911	132,416,364	4,631,547
Machinery and Equipment	708,242,614	689,095,763	19,146,851
Less: Accumulated Depreciation	(580,405,713)	(566,422,373)	(13,983,340)
Totals	\$313,436,538	\$318,217,413	(\$4,780,875)

Land increased due to property purchased by the Electric Fund.

The decrease in construction in progress was due to the completion of a new electric substation as well as gas main replacement projects, a water main replacement project and a sanitary sewer relocation.

Buildings and improvements increased as a result of the completion of a control house and 138/69 KV structure at the new electric substation and the upgrade of 8 filter beds at the water production facility.

Machinery and equipment increased due to the completion of a gas main replacement project, an electric substation, a water main replacement program as well as a sanitary sewer relocation. The gas department also purchased two backhoes and the wastewater department purchased a new vacuum truck.

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

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CITY OF HAMILTON, OHIO

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

Unaudited

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations outstanding as of December 31, 2022 and 2021:

	2022	2021
Governmental Activities:		
General Obligation Bonds	\$14,203,421	\$14,760,281
Special Obligation Non-Tax Revenue Bonds	31,820,000	31,900,000
Income Tax Revenue Bonds	7,051,861	8,740,092
Special Assessment Bonds	15,000	30,000
OWDA Loans	5,830,307	5,394,586
Installment Loans	22,990,631	23,390,000
Leases Payable	306,303	0
Claims Payable	3,500,000	0
Compensated Absences	4,725,063	4,762,640
Total Governmental Activities	90,442,586	88,977,599
Business-Type Activities:		
Mortgage Revenue Bonds	106,852,422	112,360,738
General Obligation Bonds	470,000	495,000
OWDA Loans	2,016,234	2,123,373
OPWC Loans	12,604,386	12,123,933
Installment Loan	252,889	0
Compensated Absences	3,106,704	2,957,125
Total Business-Type Activities	125,302,635	130,060,169
Totals	\$215,745,221	\$219,037,768

Under state law, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The City's Budget and Financial Policies Resolution R2012-6-25 requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of budgeted expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% may be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council. The 2022 unencumbered General Fund cash was \$9,994,206 (non-GAAP), or 18.56% of 2022 qualifying General Fund revenues.

In 2022, the City received the second half of the American Rescue and Recovery Plan Act (ARPA) funds, over \$16.7 million, and was able to reimburse public safety salaries totaling \$25.09 million in 2022. The City was also fortunate that income tax receipts were up 11.17%, or \$3,533,687 (all funds) over 2021. The City used a combination of ARPA funds and fund balance to make several strategic expenditures to invest in the City's future. The City budgeted \$4.0 million for the construction of a new Fire Station 26, \$2.2 million for stormwater system improvements, and approximately \$8.0 million (in addition to debt proceeds of \$23 million) for the construction of a new criminal justice center. The balance in the City's Economic Budget Stabilization fund was \$4,200,000 at December 31, 2022.

The GFOA recommends governments adopt rigorous policies for all operating funds in order to achieve and maintain a structurally balanced budget. The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to or greater than recurring expenditures in the adopted budget. City Council Resolution 2012-6-25 sets forth these policies. The 2023 General Fund Adopted Budget is structurally balanced and the first quarter of 2023 has started out strong.

The Spooky Nook Sports Champion Mill project, led by Manheim, PA-based Spooky Nook Sports LLC, opened for business in 2022. The complex includes the largest indoor sports complex in North America, a fitness center, hotel, restaurants, brewery, and the second largest convention space in southwest Ohio. 80 Acres, a vertical organic farming company, officially opened its enormous \$30 million-plus indoor farming complex in Hamilton's Enterprise Park. Hamilton is also home to the corporate headquarters of 80 Acres and Infinite Acres located in downtown Hamilton.

Requests for Information

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

CITY OF HAMILTON, OHIO

**Statement of Net Position
December 31, 2022**

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Hamilton Community Authority
Assets:				
Equity in Pooled Cash and Investments	\$ 89,117,962	\$ 73,227,330	\$ 162,345,292	\$ 0
Cash and Investments	0	0	0	6,655,066
Receivables:				
Taxes	21,315,778	0	21,315,778	0
Accounts	1,655,424	17,092,532	18,747,956	0
Due From Other Governments	4,313,072	0	4,313,072	0
Interest	59,371	202,539	261,910	185,540
Special Assessments	424,871	0	424,871	0
Loans	32,650,206	0	32,650,206	22,900,000
Leases	4,968,729	178,676	5,147,405	0
Due from Primary Government	0	0	0	34,738,068
Inventory of Supplies at Cost	134,328	2,418,687	2,553,015	0
Prepaid Items	331,770	1,081,502	1,413,272	0
Restricted Assets:				
Cash and Investments	7,000,000	11,089,133	18,089,133	0
Cash with Fiscal Agent	1,741,317	0	1,741,317	0
Net OPEB Asset	2,242,753	4,061,359	6,304,112	0
Non-Depreciable Capital Assets	65,635,279	47,480,940	113,116,219	0
Depreciable Capital Assets, Net	83,850,725	265,955,598	349,806,323	0
Total Assets	315,441,585	422,788,296	738,229,881	64,478,674
Deferred Outflows of Resources:				
Deferred Charge on Debt Refunding	96,462	1,008,026	1,104,488	0
Pension	19,094,995	4,821,866	23,916,861	0
OPEB	4,934,758	148,218	5,082,976	0
Total Deferred Outflows of Resources	24,126,215	5,978,110	30,104,325	0
Liabilities:				
Accounts Payable	3,407,939	7,492,303	10,900,242	0
Accrued Wages and Benefits	2,782,159	1,167,643	3,949,802	0
Intergovernmental Payable	931,221	353,481	1,284,702	0
Payroll Withholding Payable	672,989	0	672,989	0
Claims Payable	1,271,174	0	1,271,174	0
Due to Others	2,437,785	0	2,437,785	0
Accrued Liabilities	133,968	1,237	135,205	0
Customer Deposits	4,270	2,833,949	2,838,219	0
Due to Hamilton Community Authority	2,091,540	0	2,091,540	0
Accrued Interest Payable	842,916	980,783	1,823,699	569,638
General Obligation Notes Payable	31,450,000	3,300,000	34,750,000	0
Long-Term Liabilities:				
Due Within One Year	4,785,481	7,542,486	12,327,967	1,205,000
Due in More Than One Year:				
Net Pension Liability	52,273,849	11,017,193	63,291,042	0
Net OPEB Liability	8,103,849	0	8,103,849	0
Total OPEB Liability	250,551	1,002,204	1,252,755	0
Other Amounts Due in More Than One Year	85,657,105	117,760,149	203,417,254	100,083,402
Total Liabilities	197,096,796	153,451,428	350,548,224	101,858,040

(Continued)

CITY OF HAMILTON, OHIO

**Statement of Net Position
December 31, 2022**

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Hamilton Community Authority
Deferred Inflows of Resources:				
Property Tax Levy for Next Fiscal Year	9,921,277	0	9,921,277	0
Leases	4,968,729	178,676	5,147,405	0
Pension	22,279,154	13,346,177	35,625,331	0
OPEB	5,355,927	4,440,585	9,796,512	0
Total Deferred Inflows of Resources	42,525,087	17,965,438	60,490,525	0
Net Position:				
Net Investment in Capital Assets	107,664,999	192,960,925	300,625,924	0
Restricted For:				
Debt Service	0	2,089,133	2,089,133	0
Capital Projects	215,841	0	215,841	0
Community Environment	502,295	0	502,295	0
General Government	709,727	0	709,727	0
Public Health and Welfare Services	70,621	0	70,621	0
Security of Persons and Property	11,859,182	0	11,859,182	0
Streets	4,711,368	0	4,711,368	0
Nonexpendable Endowments	75,325	0	75,325	0
Champions Mill Inter-creditor Agreement	7,000,000	0	7,000,000	0
Rate Stabilization	0	9,000,000	9,000,000	0
Unrestricted (Deficit)	(32,863,441)	53,299,482	20,436,041	(37,379,366)
Total Net Position	\$ 99,945,917	\$ 257,349,540	\$ 357,295,457	\$ (37,379,366)

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2022

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 18,470,115	\$ 5,585,668	\$ 0	\$ 0
Security of Persons and Property	36,180,916	3,045,715	26,354,391	0
Leisure Time Activities	2,063,074	18,403	0	0
Community Environment	3,792,757	455,952	2,944,201	0
Basic Utility Services	6,681,915	8,129,162	0	0
Transportation	6,256,765	1,316,043	3,437,940	10,589,705
Public Health and Welfare Services	846,360	250,886	559,412	0
Interest and Fiscal Charges	2,815,851	0	0	0
Total Governmental Activities	<u>77,107,753</u>	<u>18,801,829</u>	<u>33,295,944</u>	<u>10,589,705</u>
Business-Type Activities:				
Gas Utility	20,191,885	19,230,682	0	0
Electric Utility	77,236,352	86,535,081	0	0
Water Utility	15,504,942	14,959,968	0	0
Wastewater Utility	11,865,791	13,002,156	0	0
Total Business-Type Activities	<u>124,798,970</u>	<u>133,727,887</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 201,906,723</u>	<u>\$ 152,529,716</u>	<u>\$ 33,295,944</u>	<u>\$ 10,589,705</u>
Component Unit:				
Hamilton Community Authority	<u>\$ 15,025,056</u>	<u>\$ 1,128,822</u>	<u>\$ 2,140,369</u>	<u>\$ 0</u>

General Revenues and Transfers

Property Taxes Levied for:

 General Purposes

 Special Purposes

 Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2022

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Hamilton Community Authority
\$ (12,884,447)	\$ 0	\$ (12,884,447)	
(6,780,810)	0	(6,780,810)	
(2,044,671)	0	(2,044,671)	
(392,604)	0	(392,604)	
1,447,247	0	1,447,247	
9,086,923	0	9,086,923	
(36,062)	0	(36,062)	
(2,815,851)	0	(2,815,851)	
<u>(14,420,275)</u>	<u>0</u>	<u>(14,420,275)</u>	
0	(961,203)	(961,203)	
0	9,298,729	9,298,729	
0	(544,974)	(544,974)	
0	1,136,365	1,136,365	
<u>0</u>	<u>8,928,917</u>	<u>8,928,917</u>	
<u>\$ (14,420,275)</u>	<u>\$ 8,928,917</u>	<u>\$ (5,491,358)</u>	
			<u>\$ (11,755,865)</u>
2,669,804	0	2,669,804	0
6,883,131	0	6,883,131	0
1,517,175	0	1,517,175	0
36,761,592	0	36,761,592	0
3,282,213	0	3,282,213	0
3,240,413	0	3,240,413	0
(1,819,798)	(1,227,350)	(3,047,148)	87,181
1,383,805	0	1,383,805	0
(995,000)	995,000	0	0
<u>52,923,335</u>	<u>(232,350)</u>	<u>52,690,985</u>	<u>87,181</u>
38,503,060	8,696,567	47,199,627	(11,668,684)
<u>61,442,857</u>	<u>248,652,973</u>	<u>310,095,830</u>	<u>(25,710,682)</u>
<u>\$ 99,945,917</u>	<u>\$ 257,349,540</u>	<u>\$ 357,295,457</u>	<u>\$ (37,379,366)</u>

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Health Department</u>	<u>SLFRF</u>
Assets:			
Equity in Pooled Cash and Investments	\$ 20,807,955	\$ 13,772	\$ 708,342
Receivables:			
Taxes	9,150,897	0	0
Accounts	478,168	0	0
Intergovernmental	2,061,462	0	0
Interest	39,897	0	0
Special Assessments	0	0	0
Loans	1,480,000	0	0
Leases	4,908,155	0	0
Interfund Receivable	2,413,104	0	0
Inventory of Supplies, at Cost	67,335	0	0
Prepaid Items	285,249	0	0
Restricted Assets:			
Cash and Cash Equivalents	7,000,000	0	0
Cash and Cash Equivalents with Fiscal Agent	1,741,317	0	0
Total Assets	<u>\$ 50,433,539</u>	<u>\$ 13,772</u>	<u>\$ 708,342</u>
Liabilities:			
Accounts Payable	\$ 1,555,144	\$ 0	\$ 0
Accrued Wages and Benefits Payable	2,162,720	0	374,623
Intergovernmental Payable	484,399	0	333,719
Payroll Withholding Payable	672,989	0	0
Claims Payable	1,621,174	0	0
Due to Others	0	0	0
Accrued Liabilities	103,825	0	0
Customer Deposits	0	0	0
Interfund Payable	0	0	0
Due to Hamilton Community Authority	0	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	<u>6,600,251</u>	<u>0</u>	<u>708,342</u>

CITY OF HAMILTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2022**

	Hamilton Capital Improvement	Criminal Justice Center Construction	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 7,688,768	\$ 30,188,172	\$ 29,674,700	\$ 89,081,709
Receivables:				
Taxes	786,972	0	11,377,909	21,315,778
Accounts	0	0	1,177,256	1,655,424
Intergovernmental	0	0	2,251,610	4,313,072
Interest	0	0	19,474	59,371
Special Assessments	0	0	424,871	424,871
Loans	27,609,528	0	3,560,678	32,650,206
Leases	0	0	60,574	4,968,729
Interfund Receivable	0	0	0	2,413,104
Inventory of Supplies, at Cost	0	0	24,593	91,928
Prepaid Items	0	0	46,521	331,770
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	7,000,000
Cash and Cash Equivalents with Fiscal Agent	0	0	0	1,741,317
Total Assets	\$ 36,085,268	\$ 30,188,172	\$ 48,618,186	\$ 166,047,279
Liabilities:				
Accounts Payable	\$ 236,853	\$ 14,000	\$ 1,423,911	\$ 3,229,908
Accrued Wages and Benefits Payable	0	0	187,655	2,724,998
Intergovernmental Payable	0	0	91,495	909,613
Payroll Withholding Payable	0	0	0	672,989
Claims Payable	0	0	0	1,621,174
Due to Others	2,437,785	0	0	2,437,785
Accrued Liabilities	13,397	0	16,746	133,968
Customer Deposits	0	0	4,270	4,270
Interfund Payable	0	0	2,119,256	2,119,256
Due to Hamilton Community Authority	0	0	2,091,540	2,091,540
Accrued Interest Payable	556	5,111	1,322	6,989
General Obligation Notes Payable	2,500,000	23,000,000	5,950,000	31,450,000
Total Liabilities	5,188,591	23,019,111	11,886,195	47,402,490

(Continued)

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2022

	General	Health Department	SLFRF
Deferred Inflows of Resources:			
Unavailable Amounts	4,055,565	0	0
Property Tax Levy for Next Fiscal Year	2,666,638	0	0
Leases	4,908,155	0	0
Total Deferred Inflows of Resources	11,630,358	0	0
Fund Balance:			
Nonspendable	388,893	0	0
Restricted	7,000,000	13,772	0
Committed	0	0	0
Assigned	6,292,751	0	0
Unassigned	18,521,286	0	0
Total Fund Balance	32,202,930	13,772	0
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 50,433,539	\$ 13,772	\$ 708,342

CITY OF HAMILTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2022**

	Hamilton Capital Improvement	Criminal Justice Center Construction	Other Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources:				
Unavailable Amounts	376,833	0	3,486,197	7,918,595
Property Tax Levy for Next Fiscal Year	0	0	7,254,639	9,921,277
Leases	0	0	60,574	4,968,729
Total Deferred Inflows of Resources	376,833	0	10,801,410	22,808,601
Fund Balance:				
Nonspendable	0	0	146,114	535,007
Restricted	30,519,844	0	15,714,560	53,248,176
Committed	0	0	3,777,156	3,777,156
Assigned	0	7,169,061	8,293,185	21,754,997
Unassigned	0	0	(2,000,434)	16,520,852
Total Fund Balance	30,519,844	7,169,061	25,930,581	95,836,188
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 36,085,268	\$ 30,188,172	\$ 48,618,186	\$ 166,047,279

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

**Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2022**

Total Governmental Fund Balances \$ 95,836,188

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 149,329,336

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 7,918,595

The net pension and OPEB liabilities are not due and payable in the current period, and the net OPEB asset is not an expendable financial resource; therefore, the liabilities/asset and related deferred inflows/outflows are not reported in the governmental funds.

Deferred Outflows - Pension	18,905,310	
Deferred Inflows - Pension	(21,754,137)	
Net Pension Liability	(51,840,451)	
Deferred Outflows - OPEB	4,933,587	
Deferred Inflows - OPEB	(5,190,855)	
Net OPEB Liability	(8,103,849)	
Net OPEB Asset	2,082,987	
Total OPEB Liability	<u>(250,551)</u>	(61,217,959)

Internal service funds are used by management to charge back costs of services to individual funds. The assets, liabilities, and deferred outflows/inflows of the Fleet Maintenance Fund are included in governmental activities in the statement of net position. (1,223,011)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deferred Loss on Refunding	96,462	
General Obligation Bonds Payable	(13,950,000)	
Special Obligation Non-Tax Revenue Bonds Payable	(31,820,000)	
Special Assessment Bonds Payable	(15,000)	
Bond Premium	(253,421)	
Income Tax Revenue Bonds	(7,051,861)	
Ohio Water Development Authority Loans	(5,830,307)	
Installment Loans Payable	(22,990,631)	
Leases Payable	(306,303)	
Claims Payable	(3,150,000)	
Compensated Absences Payable	(4,590,244)	
Accrued Interest Payable	<u>(835,927)</u>	<u>(90,697,232)</u>

Net Position of Governmental Activities **\$ 99,945,917**

See accompanying notes to the basic financial statements



CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2022**

	General	Health Department	SLFRF
Revenues:			
Income Taxes	\$ 28,199,086	\$ 0	\$ 0
Property and Other Local Taxes	5,866,186	0	0
Intergovernmental Revenues	4,234,620	419,504	25,090,200
Charges for Services	6,603,077	239,182	0
Licenses and Permits	1,139,735	136,104	0
Investment Earnings	(59,679)	(229)	17,517
Special Assessments	0	0	0
Fines and Forfeitures	392,206	0	0
All Other Revenue	486,779	1,537	0
Total Revenues	46,862,010	796,098	25,107,717
Expenditures:			
Current:			
General Government	13,597,102	0	0
Security of Persons and Property	7,364,274	0	25,090,200
Leisure Time Activities	1,600,000	0	0
Community Environment	832,618	0	0
Basic Utility Services	427,071	0	0
Transportation	0	0	0
Public Health and Welfare Services	0	1,061,662	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	514,351	0	0
Interest and Fiscal Charges	911,411	0	0
Total Expenditures	25,246,827	1,061,662	25,090,200
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	21,615,183	(265,564)	17,517

CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2022**

	Hamilton Capital Improvement	Criminal Justice Center Construction	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income Taxes	\$ 3,620,149	\$ 0	\$ 4,525,188	\$ 36,344,423
Property and Other Local Taxes	0	0	8,448,309	14,314,495
Intergovernmental Revenues	5,708,111	0	11,750,134	47,202,569
Charges for Services	0	0	8,862,226	15,704,485
Licenses and Permits	0	0	687,469	1,963,308
Investment Earnings	(208,088)	(813,348)	(755,971)	(1,819,798)
Special Assessments	0	0	518,976	518,976
Fines and Forfeitures	0	0	269,321	661,527
All Other Revenue	82,862	182,141	630,486	1,383,805
Total Revenues	9,203,034	(631,207)	34,936,138	116,273,790
Expenditures:				
Current:				
General Government	0	0	214,628	13,811,730
Security of Persons and Property	0	0	3,814,055	36,268,529
Leisure Time Activities	0	0	190,142	1,790,142
Community Environment	0	0	4,233,884	5,066,502
Basic Utility Services	0	0	9,002,412	9,429,483
Transportation	0	0	7,258,075	7,258,075
Public Health and Welfare Services	0	0	0	1,061,662
Capital Outlay	4,987,237	149,571	11,665,577	16,802,385
Debt Service:				
Principal Retirement	25,855	0	2,502,151	3,042,357
Interest and Fiscal Charges	18,363	119,641	1,747,419	2,796,834
Total Expenditures	5,031,455	269,212	40,628,343	97,327,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,171,579	(900,419)	(5,692,205)	18,946,091

(Continued)

CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2022**

	General	Health Department	SLFRF
Other Financing Sources (Uses):			
Sale of Capital Assets	4,902	0	0
OWDA Loans Issued	0	0	0
Installment Loan Issuance	0	0	0
Lease Issuance	144,726	0	0
Transfers In	0	266,602	0
Transfers Out	(21,810,391)	0	0
Total Other Financing Sources (Uses)	<u>(21,660,763)</u>	<u>266,602</u>	<u>0</u>
Net Change in Fund Balance	(45,580)	1,038	17,517
Fund Balance at Beginning of Year	32,240,042	12,734	(17,517)
Increase (Decrease) in Inventory	8,468	0	0
Fund Balance End of Year	<u>\$ 32,202,930</u>	<u>\$ 13,772</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2022**

	Hamilton Capital Improvement	Criminal Justice Center Construction	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	218	0	14,510	19,630
OWDA Loans Issued	0	0	564,711	564,711
Installment Loan Issuance	0	0	150,561	150,561
Lease Issuance	211,783	0	0	356,509
Transfers In	2,799,503	8,069,480	14,201,663	25,337,248
Transfers Out	(2,694,531)	0	(1,827,326)	(26,332,248)
Total Other Financing Sources (Uses)	316,973	8,069,480	13,104,119	96,411
Net Change in Fund Balance	4,488,552	7,169,061	7,411,914	19,042,502
Fund Balance at Beginning of Year	26,031,292	0	18,564,606	76,831,157
Increase (Decrease) in Inventory	0	0	(45,939)	(37,471)
Fund Balance End of Year	\$ 30,519,844	\$ 7,169,061	\$ 25,930,581	\$ 95,836,188

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Reconciliation of the Statement Of Revenues, Expenditures
And Changes In Fund Balances of Governmental Funds
To The Statement of Activities
For The Year Ended December 31, 2022***

Net Change in Fund Balances - Total Governmental Funds \$ 19,042,502

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

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

Capital Outlay	20,805,025	
Depreciation Expense	<u>(4,617,936)</u>	16,187,089

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		332,023
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	5,511,439	
OPEB	<u>99,435</u>	5,610,874

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

Pension	(2,572,731)	
OPEB	<u>888,773</u>	(1,683,958)

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

Installment Loan Issued	(150,561)	
Lease Issuance	(356,509)	
Ohio Water Development Authority Loan Issuance	<u>(564,711)</u>	(1,071,781)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bond Principal Payment	530,000	
Special Obligation Non-Tax Revenue Bond Principal Payment	80,000	
Special Assessment Bond Principal Payment	15,000	
Income Tax Revenue Bond Principal Payment	1,688,231	
OWDA Loan Principal Payment	128,990	
Installment Loan Principal Payment	549,930	
Lease Principal Payment	50,206	
Change in Deferred Loss on Refunding	(32,155)	
Change in Bond Premium/Discount	<u>26,860</u>	3,037,062

(Continued)

CITY OF HAMILTON, OHIO

***Reconciliation of the Statement Of Revenues, Expenditures
And Changes In Fund Balances of Governmental Funds
To The Statement of Activities
For The Year Ended December 31, 2022***

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (13,722)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	62,854	
Claims Payable	(3,150,000)	
Change in Inventory	<u>(37,471)</u>	(3,124,617)

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

187,588

Change in Net Position of Governmental Activities

\$ 38,503,060

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 23,157,500	\$ 26,677,284	\$ 26,897,229	\$ 219,945
Property and Other Local Taxes	5,725,000	5,725,000	5,876,346	151,346
Intergovernmental Revenues	2,737,400	2,838,822	3,746,913	908,091
Charges for Services	17,207,207	17,207,207	14,353,546	(2,853,661)
Licenses and Permits	1,062,570	1,062,570	1,275,839	213,269
Investment Earnings	202,500	202,500	606,845	404,345
Fines and Forfeitures	421,318	421,318	388,862	(32,456)
All Other Revenue	326,525	326,525	337,866	11,341
Total Revenues	<u>50,840,020</u>	<u>54,461,226</u>	<u>53,483,446</u>	<u>(977,780)</u>
Expenditures:				
Current:				
Security of Persons and Property	34,621,044	10,603,320	8,831,602	1,771,718
Public Health and Welfare Services	1,338,723	1,238,804	1,044,892	193,912
Community Environment	1,296,889	1,428,965	1,222,361	206,604
Basic Utility Services	1,518,777	1,577,415	1,508,949	68,466
General Government	13,960,831	21,525,922	20,542,499	983,423
Total Expenditures	<u>52,736,264</u>	<u>36,374,426</u>	<u>33,150,303</u>	<u>3,224,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,896,244)	18,086,800	20,333,143	2,246,343
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	4,902	4,902
Transfers Out	(1,010,452)	(23,282,025)	(21,543,789)	1,738,236
Total Other Financing Sources (Uses):	<u>(1,010,452)</u>	<u>(23,282,025)</u>	<u>(21,538,887)</u>	<u>1,743,138</u>
Net Change in Fund Balance	(2,906,696)	(5,195,225)	(1,205,744)	3,989,481
Fund Balance at Beginning of Year	8,293,254	8,293,254	8,293,254	0
Prior Year Encumbrances	2,906,696	2,906,696	2,906,696	0
Fund Balance at End of Year	<u>\$ 8,293,254</u>	<u>\$ 6,004,725</u>	<u>\$ 9,994,206</u>	<u>\$ 3,989,481</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 134	\$ 64
All Other Revenue	1,425	1,425	1,537	112
Total Revenues	<u>1,495</u>	<u>1,495</u>	<u>1,671</u>	<u>176</u>
Expenditures:				
Current:				
Public Health and Welfare Services	500	500	270	230
Total Expenditures	<u>500</u>	<u>500</u>	<u>270</u>	<u>230</u>
Net Change in Fund Balance	995	995	1,401	406
Fund Balance at Beginning of Year	<u>12,761</u>	<u>12,761</u>	<u>12,761</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,756</u>	<u>\$ 13,756</u>	<u>\$ 14,162</u>	<u>\$ 406</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Coronavirus State and Local Fiscal Recovery (SLFRF) Funds
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 16,795,100	\$ 16,795,100	\$ 0
Total Revenues	0	16,795,100	16,795,100	0
Expenditures:				
Current:				
Security of Persons and Property	8,295,100	25,090,200	25,090,200	0
Total Expenditures	8,295,100	25,090,200	25,090,200	0
Net Change in Fund Balance	(8,295,100)	(8,295,100)	(8,295,100)	0
Fund Balance at Beginning of Year	8,295,100	8,295,100	8,295,100	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to the basic financial statements



CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 3,064,039	\$ 47,560,801	\$ 7,558,178
Restricted Cash and Investments	2,000,000	4,699,203	1,517,952
Receivables:			
Accounts	3,381,572	9,788,307	2,075,659
Interest	8,363	131,906	20,821
Leases	0	42,682	0
Inventory of Supplies at Cost	197,476	1,815,143	404,070
Prepaid Items	165,224	672,687	153,798
Total Current Assets	8,816,674	64,710,729	11,730,478
Noncurrent Assets:			
Leases Receivable	0	135,994	0
Net OPEB Asset	421,801	1,891,521	607,701
Non Depreciable Capital Assets	2,907,539	26,518,188	9,068,165
Depreciable Capital Assets, Net	28,595,540	98,656,133	87,862,871
Total Noncurrent Assets	31,924,880	127,201,836	97,538,737
Total Assets	40,741,554	191,912,565	109,269,215
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	148,805	276,337	431,403
Pension	500,784	2,245,717	721,491
OPEB	32,744	43,315	34,199
Total Deferred Outflows of Resources	682,333	2,565,369	1,187,093
Liabilities:			
Current Liabilities:			
Accounts Payable	1,606,819	4,758,269	654,373
Accrued Wages and Benefits	122,639	532,101	180,665
Intergovernmental Payable	37,143	163,265	54,301
Accrued Liabilities - Current	0	1,237	0
Customer Deposits Payable	636,542	1,695,531	241,870
Interfund Payable	0	0	0
Compensated Absences Payable - Current	199,870	734,477	312,041
Accrued Interest Payable	26,857	360,116	237,579
General Obligation Notes Payable	0	0	0
General Obligation Bonds Payable - Current	0	0	0
Revenue Bonds Payable - Current	655,000	1,355,000	970,000
Installment Loan Payable - Current	0	0	0
OWDA Loans Payable - Current	0	0	43,811
OPWC Loans Payable - Current	0	0	249,407
Total Current Liabilities	3,284,870	9,599,996	2,944,047

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 14,928,814	\$ 73,111,832	\$ 151,751
Restricted Cash and Investments	2,871,978	11,089,133	0
Receivables:			
Accounts	1,846,994	17,092,532	0
Interest	41,449	202,539	0
Leases	0	42,682	0
Inventory of Supplies at Cost	1,998	2,418,687	42,400
Prepaid Items	89,793	1,081,502	0
Total Current Assets	19,781,026	105,038,907	194,151
Noncurrent Assets:			
Leases Receivable	0	135,994	0
Net OPEB Asset	429,005	3,350,028	871,097
Non Depreciable Capital Assets	8,987,048	47,480,940	0
Depreciable Capital Assets, Net	50,841,054	265,955,598	156,668
Total Noncurrent Assets	60,257,107	316,922,560	1,027,765
Total Assets	80,038,133	421,961,467	1,221,916
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	151,481	1,008,026	0
Pension	509,339	3,977,331	1,034,220
OPEB	32,966	143,224	6,165
Total Deferred Outflows of Resources	693,786	5,128,581	1,040,385
Liabilities:			
Current Liabilities:			
Accounts Payable	283,342	7,302,803	367,531
Accrued Wages and Benefits	133,000	968,405	256,399
Intergovernmental Payable	38,160	292,869	82,220
Accrued Liabilities - Current	0	1,237	0
Customer Deposits Payable	260,006	2,833,949	0
Interfund Payable	0	0	293,848
Compensated Absences Payable - Current	257,566	1,503,954	337,639
Accrued Interest Payable	356,231	980,783	0
General Obligation Notes Payable	3,300,000	3,300,000	0
General Obligation Bonds Payable - Current	25,000	25,000	0
Revenue Bonds Payable - Current	2,085,000	5,065,000	0
Installment Loan Payable - Current	124,913	124,913	0
OWDA Loans Payable - Current	56,195	100,006	0
OPWC Loans Payable - Current	201,413	450,820	0
Total Current Liabilities	7,120,826	22,949,739	1,337,637

(Continued)

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
General Obligation Bonds Payable	0	0	0
Installment Loans Payable	0	0	0
Revenue Bonds Payable	3,865,000	37,151,739	27,131,772
OWDA Loans Payable	0	0	678,446
OPWC Loans Payable	0	0	6,737,673
Compensated Absences Payable	120,226	595,984	254,114
Net Pension Liability	1,144,212	5,131,104	1,648,494
Total OPEB Liability	250,551	250,551	250,551
Total Noncurrent Liabilities	5,379,989	43,129,378	36,701,050
Total Liabilities	8,664,859	52,729,374	39,645,097
Deferred Inflows of Resources:			
Leases	0	178,676	0
Pension	1,386,091	6,215,802	1,996,978
OPEB	496,900	2,015,421	688,971
Total Deferred Inflows of Resources	1,882,991	8,409,899	2,685,949
Net Position:			
Net Investment in Capital Assets	27,126,857	88,839,344	61,316,554
Restricted for Debt Service	0	699,203	517,952
Restricted for Rate Stabilization	2,000,000	4,000,000	1,000,000
Unrestricted	1,749,180	39,800,114	5,290,756
Total Net Position	\$ 30,876,037	\$ 133,338,661	\$ 68,125,262

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Wastewater	Total	Governmental Activities - Internal Service Funds
General Obligation Bonds Payable	445,000	445,000	0
Installment Loans Payable	127,976	127,976	0
Revenue Bonds Payable	33,638,911	101,787,422	0
OWDA Loans Payable	1,237,782	1,916,228	0
OPWC Loans Payable	5,415,893	12,153,566	0
Compensated Absences Payable	208,096	1,178,420	221,510
Net Pension Liability	1,163,756	9,087,566	2,363,025
Total OPEB Liability	250,551	1,002,204	0
Total Noncurrent Liabilities	42,487,965	127,698,382	2,584,535
Total Liabilities	49,608,791	150,648,121	3,922,172
Deferred Inflows of Resources:			
Leases	0	178,676	0
Pension	1,409,768	11,008,639	2,862,555
OPEB	504,343	3,705,635	900,022
Total Deferred Inflows of Resources	1,914,111	14,892,950	3,762,577
Net Position:			
Net Investment in Capital Assets	15,678,170	192,960,925	156,668
Restricted for Debt Service	871,978	2,089,133	0
Restricted for Rate Stabilization	2,000,000	9,000,000	0
Unrestricted	10,658,869	57,498,919	(5,579,116)
Total Net Position	\$ 29,209,017	\$ 261,548,977	\$ (5,422,448)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			
		(4,199,437)	
Net Position of Business-type Activities		\$ 257,349,540	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Operating Revenues:			
Charges for Services	\$ 19,228,377	\$ 84,975,151	\$ 14,757,186
Other Operating Revenues	2,305	1,559,930	202,782
Total Operating Revenues	19,230,682	86,535,081	14,959,968
Operating Expenses:			
Personal Services	2,207,940	6,173,236	2,898,931
Contractual Services	1,394,134	7,540,757	3,062,614
Materials and Supplies	231,746	1,434,151	1,771,484
Purchase of Gas and Electric	9,985,353	50,839,569	0
Depreciation	2,177,482	7,422,962	3,390,283
Other Operating Expenses	4,009,082	4,002,139	3,119,347
Total Operating Expenses	20,005,737	77,412,814	14,242,659
Operating Income (Loss)	(775,055)	9,122,267	717,309
Non-Operating Revenue (Expenses):			
Interest Income	(61,737)	(780,023)	(119,977)
Interest and Fiscal Charges	(165,605)	(1,308,798)	(1,017,154)
Loss on Disposal of Capital Assets	(20,543)	(45,598)	(245,129)
Total Non-Operating Revenues (Expenses)	(247,885)	(2,134,419)	(1,382,260)
Income (Loss) Before Transfers	(1,022,940)	6,987,848	(664,951)
Transfers:			
Transfers In	150,000	10,000	835,000
Total Transfers	150,000	10,000	835,000
Change in Net Position	(872,940)	6,997,848	170,049
Net Position Beginning of Year	31,748,977	126,340,813	67,955,213
Net Position End of Year	\$ 30,876,037	\$ 133,338,661	\$ 68,125,262

CITY OF HAMILTON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Operating Revenues:			
Charges for Services	\$ 12,959,477	\$ 131,920,191	\$ 12,247,618
Other Operating Revenues	42,679	1,807,696	43,678
Total Operating Revenues	13,002,156	133,727,887	12,291,296
Operating Expenses:			
Personal Services	2,071,723	13,351,830	3,937,440
Contractual Services	2,592,694	14,590,199	4,227,650
Materials and Supplies	318,294	3,755,675	2,132,882
Purchase of Gas and Electric	0	60,824,922	0
Depreciation	2,809,018	15,799,745	18,314
Other Operating Expenses	2,921,690	14,052,258	256,124
Total Operating Expenses	10,713,419	122,374,629	10,572,410
Operating Income (Loss)	2,288,737	11,353,258	1,718,886
Non-Operating Revenue (Expenses):			
Interest Income	(265,613)	(1,227,350)	(440)
Interest and Fiscal Charges	(1,152,372)	(3,643,929)	0
Loss on Disposal of Capital Assets	0	(311,270)	0
Total Non-Operating Revenues (Expenses)	(1,417,985)	(5,182,549)	(440)
Income (Loss) Before Transfers	870,752	6,170,709	1,718,446
Transfers:			
Transfers In	0	995,000	0
Total Transfers	0	995,000	0
Change in Net Position	870,752	7,165,709	1,718,446
Net Position Beginning of Year	28,338,265	254,383,268	(7,140,894)
Net Position End of Year	\$ 29,209,017	\$ 261,548,977	\$ (5,422,448)
Change in Net Position - Total Enterprise Funds		\$ 7,165,709	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.		1,530,858	
Change in Net Position - Business-type Activities		\$ 8,696,567	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022***

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$18,784,566	\$85,269,631	\$14,487,317
Cash Payments for Goods and Services	(15,221,526)	(62,326,848)	(8,058,059)
Cash Payments to Employees	(2,813,152)	(11,909,899)	(4,006,501)
Net Cash Provided (Used) by Operating Activities	749,888	11,032,884	2,422,757
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,371,076	0
Kilowatt Hour Tax Paid to State	0	(2,371,076)	0
Transfers In from Other Funds	150,000	10,000	835,000
Advances In from Other Funds	0	0	0
Advances Out to Other Funds	0	0	0
Net Cash Provided by Noncapital Financing Activities	150,000	10,000	835,000
<u>Cash Flows from Capital and Related Financing Activities:</u>			
General Obligation Bond Principal Retirement	0	0	0
Note Proceeds	0	0	0
Premium on Debt Issuance	0	0	0
Revenue Bond Principal Retirement	(635,000)	(1,285,000)	(945,000)
OPWC Loan Proceeds	0	0	22,134
OWDA Loan Principal Retirement	0	0	(43,235)
OPWC Loan Principal Retirement	0	0	(214,052)
Installment Loan Principal Retirement	0	0	0
Interest and Fiscal Charges	(139,134)	(1,471,050)	(1,120,874)
Acquisition and Construction of Assets	(1,609,878)	(6,623,173)	(1,971,857)
Net Cash Used by Capital and Related Financing Activities	(2,384,012)	(9,379,223)	(4,272,884)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	62,982	489,700	88,922
Change in the Fair Value of Investments	(127,583)	(1,345,617)	(219,320)
Net Cash Used by Investing Activities	(64,601)	(855,917)	(130,398)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,548,725)	807,744	(1,145,525)
Cash and Cash Equivalents at Beginning of Year	6,612,764	51,452,260	10,221,655
Cash and Cash Equivalents at End of Year	\$5,064,039	\$52,260,004	\$9,076,130
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$3,064,039	\$47,560,801	\$7,558,178
Restricted Cash and Cash Equivalents	2,000,000	4,699,203	1,517,952
Cash and Cash Equivalents at End of Year	\$5,064,039	\$52,260,004	\$9,076,130

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022***

	Wastewater	Totals	Governmental- Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$12,830,394	\$131,371,908	\$12,291,296
Cash Payments for Goods and Services	(5,827,507)	(91,433,940)	(6,811,824)
Cash Payments to Employees	(2,811,573)	(21,541,125)	(5,573,461)
Net Cash Provided (Used) by Operating Activities	<u>4,191,314</u>	<u>18,396,843</u>	<u>(93,989)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,371,076	0
Kilowatt Hour Tax Paid to State	0	(2,371,076)	0
Transfers In from Other Funds	0	995,000	0
Advances In from Other Funds	0	0	293,848
Advances Out to Other Funds	0	0	(151,920)
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>995,000</u>	<u>141,928</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
General Obligation Bond Principal Retirement	(25,000)	(25,000)	0
Note Proceeds	3,300,000	3,300,000	0
Premium on Debt Issuance	26,146	26,146	0
Revenue Bond Principal Retirement	(2,000,000)	(4,865,000)	0
OPWC Loan Proceeds	793,822	815,956	0
OWDA Loan Principal Retirement	(63,904)	(107,139)	0
OPWC Loan Principal Retirement	(121,451)	(335,503)	0
Installment Loan Principal Retirement	(131,114)	(131,114)	0
Interest and Fiscal Charges	(1,516,092)	(4,247,150)	0
Acquisition and Construction of Assets	(2,659,106)	(12,864,014)	0
Net Cash Used by Capital and Related Financing Activities	<u>(2,396,699)</u>	<u>(18,432,818)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	153,975	795,579	0
Change in the Fair Value of Investments	(444,931)	(2,137,451)	(440)
Net Cash Used by Investing Activities	<u>(290,956)</u>	<u>(1,341,872)</u>	<u>(440)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,503,659	(382,847)	47,499
Cash and Cash Equivalents at Beginning of Year	<u>16,297,133</u>	<u>84,583,812</u>	<u>104,252</u>
Cash and Cash Equivalents at End of Year	<u>\$17,800,792</u>	<u>\$84,200,965</u>	<u>\$151,751</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$14,928,814	\$73,111,832	\$151,751
Restricted Cash and Cash Equivalents	2,871,978	11,089,133	0
Cash and Cash Equivalents at End of Year	<u>\$17,800,792</u>	<u>\$84,200,965</u>	<u>\$151,751</u>

(Continued)

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022***

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$775,055)	\$9,122,267	\$717,309
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	2,177,482	7,422,962	3,390,283
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Increase in Accounts Receivable	(446,116)	(1,265,650)	(472,651)
(Increase) Decrease in Inventory	(21,539)	(28,413)	(111,367)
Increase in Prepaid Items	(54,494)	(213,785)	(51,150)
Increase in Net OPEB Asset	(199,819)	(820,925)	(268,844)
Increase in Deferred Outflows of Resources	(124,449)	(500,686)	(156,655)
Increase (Decrease) in Accounts Payable	550,848	(321,760)	79,846
Increase in Accrued Wages and Benefits	28,734	96,255	36,606
Decrease in Customer Deposits Payable	(73,470)	(63,988)	(21,374)
Increase in Accrued Liabilities	0	200	0
Increase (Decrease) in Intergovernmental Payable	2,347	(2,770)	1,526
Increase in Compensated Absences	8,175	69,606	12,526
Decrease in Net Pension Liability	(661,039)	(3,575,458)	(1,107,222)
Decrease in Total OPEB Liability	(85,822)	(85,822)	(85,822)
Increase in Deferred Inflows of Resources	424,105	1,200,851	459,746
Total Adjustments	<u>1,524,943</u>	<u>1,910,617</u>	<u>1,705,448</u>
Net Cash Provided (Used) by Operating Activities	<u>\$749,888</u>	<u>\$11,032,884</u>	<u>\$2,422,757</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

At December 31, 2022 the Gas, Electric, Water, and Wastewater Funds had outstanding liabilities of \$15,617, \$528,117, \$235,446, and \$95,661, respectively, for the purchase of certain capital assets.

In 2022 the Wastewater Fund acquired a vacuum truck through the issuance of a \$384,003 installment loan.

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$2,288,737	\$11,353,258	\$1,718,886
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	2,809,018	15,799,745	18,314
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Increase in Accounts Receivable	(171,762)	(2,356,179)	0
(Increase) Decrease in Inventory	553	(160,766)	11,257
Increase in Prepaid Items	(39,848)	(359,277)	0
Increase in Net OPEB Asset	(189,125)	(1,478,713)	(376,280)
Increase in Deferred Outflows of Resources	(104,135)	(885,925)	(236,143)
Increase (Decrease) in Accounts Payable	67,881	376,815	(206,158)
Increase in Accrued Wages and Benefits	34,603	196,198	77,550
Decrease in Customer Deposits Payable	(23,470)	(182,302)	0
Increase in Accrued Liabilities	0	200	0
Increase (Decrease) in Intergovernmental Payable	2,299	3,402	12,935
Increase in Compensated Absences	51,722	142,029	32,827
Decrease in Net Pension Liability	(787,053)	(6,130,772)	(1,661,073)
Decrease in Total OPEB Liability	(85,822)	(343,288)	0
Increase in Deferred Inflows of Resources	337,716	2,422,418	513,896
Total Adjustments	<u>1,902,577</u>	<u>7,043,585</u>	<u>(1,812,875)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$4,191,314</u>	<u>\$18,396,843</u>	<u>(\$93,989)</u>

CITY OF HAMILTON, OHIO

***Statement of Net Position
Fiduciary Funds
December 31, 2022***

	<u>Custodial Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$ 486,949
Receivables:	
Special Assessments	<u>32,646,528</u>
Total Assets	<u>33,133,477</u>
Liabilities:	
Intergovernmental Payable	201,339
Due to Others	2,493
Due to Hamilton Community Authority	<u>32,646,528</u>
Total Liabilities	<u>32,850,360</u>
Net Position:	
Restricted For:	
Individuals and Other Governments	<u>283,117</u>
Total Net Position	<u>\$ 283,117</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2022***

	<u>Custodial Funds</u>
Additions:	
Fines and Forfeiture Collections for Other Governments	\$ 1,997,968
Contributions Received for Others	11,079
Tax Collections for Other Governments	2,478,177
Receipt of Seized Property Held for Others	<u>20,359</u>
Total Additions	<u>4,507,583</u>
Deductions:	
Distribution of Fines and Forfeitures to Other Governments	1,997,968
Distribution of Contributions Received for Others	11,079
Distribution of Taxes to Other Governments	2,478,177
Distribution of Seized Property Held for Others	<u>12,838</u>
Total Deductions	<u>4,500,062</u>
Change in Net Position	7,521
Net Position at Beginning of Year	<u>275,596</u>
Net Position End of Year	<u><u>\$ 283,117</u></u>

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented as of December 31, 2022 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

By law, the Authority is governed by a seven-member board of trustees. At inception, the City Council of the City of Hamilton, Ohio appointed four of the trustees and the remaining three trustees were appointed by the Developer. The Authority is included as a component unit of the City due to the fact that the City appoints a voting majority of the Authority board, and the City can impose its will on the Authority by influencing the projects and activities of the Authority. Complete financial statements can be obtained from the City of Hamilton Department of Finance. See note 21.

The City participates in four governmental joint ventures: three Hamilton-Indian Springs Joint Economic Development Districts (JEDD), the Ohio Municipal Electric Generation Agency (OMEGA) JV2, and the Meldahl Hydroelectric Project. The City also participates in the following jointly governed organizations: American Municipal Power (AMP) Inc., the Transportation Improvement District (TID) of Butler County, the Butler County Emergency Management Agency (EMA), the Hamilton Community Improvement Corporation (CIC), the Hamilton Economic Development Corporation (HEDC), and the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). These organizations are presented in Note 18 and Note 19 to the basic financial statements and are excluded from the accompanying financial statements except as noted.

As a custodian of public funds, the City invests all public monies held on deposit in the City Treasury. In the case of the Hamilton-Indian Springs Joint Economic Development Districts (the "JEDD"), a legally separate district, the City serves as fiscal agent but the organization is not considered a part of the City. The JEDD has a five-member board of trustees for which the City appoints one member and for which the City is not financially accountable. The JEDD was formed under the auspices of Ohio Revised Code Charter 715 to facilitate commercial and economic development within a specific territory completely located within the boundaries of then Indian Springs, now Fairfield Township. The JEDD has levied an income tax equal to the income tax rate charged within the City of Hamilton (2%) on all compensation earned by employees working in the JEDD. Income tax collections net of collection expenses and refunds are first applied to District operating expenses in accordance with the District's Budget, then to any long-term maintenance set aside, with any surplus to be paid to Hamilton and Fairfield Township according to contractual percentages. The JEDD is a joint venture of the City, which is more fully explained in Note 18 to the basic financial statements. Accordingly, the activity of the JEDD is presented as a custodial fund (fiduciary) within the City's financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

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

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

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund - To account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act. The funds are to be used to support the response and recovery from the COVID-19 public health emergency.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds (Continued)

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

C. Basis of Presentation – Financial Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, 2022, are recorded as deferred inflows of resources. Property taxes, which are measurable at December 31, 2022 but are not intended to finance 2022 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2022.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrance

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

CITY OF HAMILTON, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance		
	General Fund	Health Department Fund	SLFRF Fund
GAAP Basis (as reported)	(\$45,580)	\$1,038	\$17,517
Increase (Decrease):			
Accrued Revenues at December 31, 2022 received during 2023	(8,585,056)	390	0
Accrued Revenues at December 31, 2021 received during 2022	8,679,849	(27)	(17,517)
Accrued Expenditures at December 31, 2022 paid during 2023	6,600,251	0	0
Accrued Expenditures at December 31, 2021 paid during 2022	(4,925,685)	0	(8,295,100)
Change in Interfund Balances	(331,618)	0	0
2021 Prepays for 2022	221,944	0	0
2022 Prepays for 2023	(285,249)	0	0
Outstanding Encumbrances	(3,159,400)	0	0
Perspective Difference:			
Activity of Funds Reclassified for GAAP Reporting Purposes	624,800	0	0
Budget Basis	(\$1,205,744)	\$1,401	(\$8,295,100)

F. Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

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

I. Prepaid Items

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

CITY OF HAMILTON, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave.

The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

M. Net Position

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

N. Pension/OPEB

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

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

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

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

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

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

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

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

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

In 2012, City Council enacted Budget and Financial Policies (R2012-6-25), which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. If the General Fund reserve rises above 16% of General Fund revenue at fiscal year end, the amount over 16% will be swept into the Economic Development Capital Projects Fund and/or the Economic Budget Stabilization Fund, which can be expended only through special action by City Council. At December 31, 2022, the balance in the Economic Budget Stabilization Fund was \$4,200,000 and is reported in unassigned fund balance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Estimates

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

T. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

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

U. Leases Receivable

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

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CITY OF HAMILTON, OHIO

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

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Health Department Fund	Hamilton Capital Improvement Fund	Criminal Justice Center Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$67,335	\$0	\$0	\$0	\$24,593	\$91,928
Prepaid Items	285,249	0	0	0	46,521	331,770
Unclaimed Funds	36,309	0	0	0	0	36,309
Permanent Fund Corpus	0	0	0	0	75,000	75,000
Total Nonspendable	388,893	0	0	0	146,114	535,007
Restricted:						
Public Safety	0	0	0	0	5,327,937	5,327,937
Public Health	0	13,772	0	0	0	13,772
County Court Computer Improvements	0	0	0	0	401,736	401,736
Dispute Resolution	0	0	0	0	45,391	45,391
Addiction Treatment	0	0	0	0	56,849	56,849
Law Enforcement	0	0	0	0	5,330,201	5,330,201
Street Maintenance	0	0	0	0	3,348,503	3,348,503
Community Development	0	0	0	0	468,886	468,886
Fire Insurance Deposits	0	0	0	0	195,832	195,832
Capital Improvements	0	0	30,519,844	0	538,900	31,058,744
Permanent Fund Corpus Champions Mill Intercreditor Agreement	0 7,000,000	0 0	0 0	0 0	325 0	325 7,000,000
Total Restricted	7,000,000	13,772	30,519,844	0	15,714,560	53,248,176
Committed:						
Stormwater Operations	0	0	0	0	2,077,116	2,077,116
Refuse Operations	0	0	0	0	1,575,596	1,575,596
Parking Operations	0	0	0	0	95,318	95,318
Golf Course Operations	0	0	0	0	29,126	29,126
Total Committed	0	0	0	0	3,777,156	3,777,156
Assigned:						
Capital Improvements	0	0	0	7,169,061	8,293,185	15,462,246
Services and Supplies	1,698,934	0	0	0	0	1,698,934
Worker's Compensation	4,593,817	0	0	0	0	4,593,817
Total Assigned	6,292,751	0	0	7,169,061	8,293,185	21,754,997
Unassigned (Deficits):						
	18,521,286	0	0	0	(2,000,434)	16,520,852
Total Fund Balances	\$32,202,930	\$13,772	\$30,519,844	\$7,169,061	\$25,930,581	\$95,836,188

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

CITY OF HAMILTON, OHIO

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

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities – The following funds had deficit fund balance/net position amounts at December 31, 2022:

<u>Fund</u>	<u>Fund Balance/ Net Position Deficit</u>
<i>Nonmajor Governmental Funds</i>	
Capital Projects Funds:	
Special Assessment Fund	\$2,000,434
<i>Internal Service Funds</i>	
Fleet Maintenance	1,223,011
Central Services	4,199,437

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

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

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

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a custodial credit risk policy.

As of December 31, 2022, \$10,790,361 of the City’s bank balance of \$11,546,853 was exposed to custodial credit risk since it was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City’s investments at December 31, 2022 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
Money Market Mutual Fund ³	\$2,208,753	AA+ ¹	NA	1.31%	\$2,208,753	\$0	\$0
Marketable CDs	8,469,502	AAA ⁴	Level 2	5.01%	5,143,689	3,325,813	0
STAR Ohio ³	69,361,899	AAAm ¹	NA	41.06%	69,361,899	0	0
Municipal Bonds	324,608	Aa2 ²	Level 2	0.19%	0	324,608	0
FNMA	6,291,392	AA+ ¹	Level 2	3.72%	3,359,795	2,931,597	0
FFCB	20,172,670	AA+ ¹	Level 2	11.94%	5,417,550	9,184,057	5,571,063
FAMC	3,216,444	AA+ ¹	Level 2	1.90%	3,216,444	0	0
FHLB	12,839,702	AA+ ¹	Level 2	7.60%	0	7,791,902	5,047,800
FHLMC	10,216,113	AA+ ¹	Level 2	6.05%	3,419,895	6,796,218	0
US Treasury Notes	35,811,935	N/A	Level 1	21.22%	8,937,577	9,730,485	17,143,873
Total Investments	<u>\$168,913,018</u>			<u>100.00%</u>	<u>\$101,065,602</u>	<u>\$40,084,680</u>	<u>\$27,762,736</u>

¹ Standard & Poor’s

² Moody’s

³ Reported at amortized cost

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

Custodial Credit Risk

The risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

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

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

B. Investments (Continued)

Interest Rate Risk

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

Credit Risk

It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

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

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

C. Benninghofen Trust

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

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 2017. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

The full tax rate for the City's operations for the year ended December 31, 2022 was \$10.71 per \$1,000 of assessed value. The assessed value upon which the 2022 receipts were based was \$942,098,790. This amount constitutes \$931,870,700 in real property assessed value and \$10,228,090 in public utility assessed value.

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

Real Estate Tax Abatement

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

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

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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

Below is the amount of taxes abated for the Enterprise Zone Program for the year ending December 31, 2022.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2022
<i>Enterprise Zone</i>	
3DSL Properties, LLC	\$58,421
80 Acres Urban Agriculture, LLC	16,021
Bethesda Hospital and Duke Realty	254,741
Concord Hamiltonian Riverfront	46,555
GR3 Sandbox Partners LLC	10,230
Matandy Steel & Metal Products	24,388
Thyssenkrupp Bilstein	32,064
Vinylmax, LLC	62,562
	\$504,982

B. Income Tax

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

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

CITY OF HAMILTON, OHIO

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

NOTE 5 - TAXES (Continued)

B. Income Tax (Continued)

Income Tax Abatement

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

For the year ending December 31, 2022, income taxes of \$26,353 were abated by the City.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2022 consisted of taxes, accounts receivable, accrued interest, special assessments, loans receivable, leases receivable, interfund receivables, and intergovernmental (due from other governments) receivables arising from shared revenues. These receivables result from both exchange and non-exchange transactions.

Business-type receivables at December 31, 2022, are presented net of allowances for doubtful accounts. To better detail the accounts receivable balances in the Business-type Funds, the following schedule identifies and reconciles these amounts as of December 31, 2022 as follows:

Accounts Receivable	Total				
As of December 31, 2022	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Business-Type Activities</u>
Earned and unbilled consumer accounts	\$2,207,821	\$5,485,943	\$1,024,710	\$916,635	\$9,635,109
Earned and billed consumer accounts	1,662,325	5,899,981	1,401,632	1,494,502	10,458,440
Less allowance for uncollectible accounts	(491,536)	(2,230,869)	(365,989)	(571,027)	(3,659,421)
Other	2,962	633,252	15,306	6,884	658,404
Total Accounts Receivable	<u><u>\$3,381,572</u></u>	<u><u>\$9,788,307</u></u>	<u><u>\$2,075,659</u></u>	<u><u>\$1,846,994</u></u>	<u><u>\$17,092,532</u></u>

CITY OF HAMILTON, OHIO

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

NOTE 7 - TRANSFERS

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

Fund	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$0	\$21,810,391
Health Department Fund	266,602	0
Hamilton Capital Improvement Fund	2,799,503	2,694,531
Criminal Justice Center Construction Fund	8,069,480	0
Other Governmental Funds	<u>14,201,663</u>	<u>1,827,326</u>
Total Governmental Funds	<u>25,337,248</u>	<u>26,332,248</u>
Proprietary Funds:		
Enterprise Funds:		
Gas Fund	150,000	0
Electric Fund	10,000	0
Water Fund	<u>835,000</u>	<u>0</u>
Total Enterprise Funds	<u>995,000</u>	<u>0</u>
Totals	<u>\$26,332,248</u>	<u>\$26,332,248</u>

The City makes transfers between various funds during the year for operating and debt service related payments. The individual governmental funds transfer their portion of the debt service payment during the year into the Debt Service Fund for payment of obligations and some transfers are made from the General Fund at year-end to eliminate deficit balances. In 2022 the Street Maintenance Fund and Municipal Improvement Tax Increment Equivalent Fund transferred \$775,841 and \$516,828, respectively, to the Infrastructure Program Fund for various infrastructure improvement projects. The Hamilton Capital Improvement Fund transferred \$2,294,032 to the Debt Service Fund for debt retirement. The General Fund transferred a total of \$21,543,789 to various funds for capital projects and purchases.

NOTE 8 – INTERFUND TRANSACTIONS

The composition of inter-fund balances as of December 31, 2022, is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$2,413,104	\$0
Other Governmental Funds	0	2,119,256
Fleet Maintenance Fund	<u>0</u>	<u>293,848</u>
	<u>\$2,413,104</u>	<u>\$2,413,104</u>

\$2,119,256 and \$293,848 of the interfund activity relates to cash advances the General Fund made to the Special Assessment Fund and Fleet Maintenance Fund, respectively.

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	\$21,817,381	\$1,077,849	\$0	\$22,895,230
Construction in Progress	33,262,556	15,316,418	(5,838,925)	42,740,049
Sub-Total	55,079,937	16,394,267	(5,838,925)	65,635,279
Capital assets being depreciated:				
Buildings and Improvements	47,177,381	4,642,790	0	51,820,171
Leased Buildings	0	144,726	0	144,726
Machinery and Equipment	34,776,075	1,984,273	(160,052)	36,600,296
Leased Equipment	0	211,783	0	211,783
Infrastructure	187,138,058	3,266,111	0	190,404,169
Total Cost	<u>\$324,171,451</u>	<u>\$26,643,950</u>	<u>(\$5,998,977)</u>	<u>\$344,816,424</u>
Accumulated Depreciation:				
Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings and Improvements	(\$23,614,096)	(\$1,014,680)	\$0	(\$24,628,776)
Leased Buildings	0	(25,373)	0	(25,373)
Machinery and Equipment	(25,883,858)	(1,436,416)	160,052	(27,160,222)
Leased Equipment	0	(28,237)	0	(28,237)
Infrastructure	(141,356,268)	(2,131,544)	0	(143,487,812)
Total Depreciation	<u>(\$190,854,222)</u>	<u>(\$4,636,250) *</u>	<u>\$160,052</u>	<u>(\$195,330,420)</u>
Net Value:	<u>\$133,317,229</u>			<u>\$149,486,004</u>

*Depreciation was charged to governmental functions as follows:

General Government	\$709,557
Security of Persons and Property	770,328
Leisure Time Activities	286,640
Community Environment	6,541
Transportation	2,852,171
Public Health and Welfare Services	11,013
Total Depreciation Expense	<u>\$4,636,250</u>

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	\$9,485,792	\$1,329,497	\$0	\$10,815,289
Construction in Progress	52,571,081	2,495,200	(18,400,630)	36,665,651
Sub-Total	<u>62,056,873</u>	<u>3,824,697</u>	<u>(18,400,630)</u>	<u>47,480,940</u>
Capital assets being depreciated:				
Intangible Capital Assets	1,070,786	0	0	1,070,786
Buildings and Improvements	132,416,364	4,631,547	0	137,047,911
Machinery and Equipment	689,095,763	21,274,526	(2,127,675)	708,242,614
Total Cost	<u>\$884,639,786</u>	<u>\$29,730,770</u>	<u>(\$20,528,305)</u>	<u>\$893,842,251</u>

Accumulated Depreciation:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Intangible Capital Assets	(\$299,824)	(\$21,416)	\$0	(\$321,240)
Buildings and Improvements	(77,078,007)	(1,815,445)	0	(78,893,452)
Machinery and Equipment	(489,044,542)	(13,962,884)	1,816,405	(501,191,021)
Total Depreciation	<u>(\$566,422,373)</u>	<u>(\$15,799,745)</u>	<u>\$1,816,405</u>	<u>(\$580,405,713)</u>

Net Value:

Total	<u>\$318,217,413</u>			<u>\$313,436,538</u>
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$4,014,875 for 2022. Of this amount, \$179,591 is reported as an intergovernmental payable.

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$4,184,855 for 2022. Of this amount, \$340,750 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$17,101,085	\$46,189,957	\$63,291,042
Proportion of the Net Pension Liability-2022	0.196555%	0.739344%	
Proportion of the Net Pension Liability-2021	0.192842%	0.713153%	
Percentage Change	0.003713%	0.026191%	
Pension Expense	(\$2,664,695)	\$3,295,028	\$630,333

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$2,138,471	\$8,441,541	\$10,580,012
Differences between expected and actual experience	871,788	1,331,844	2,203,632
Change in proportionate share	459,451	2,474,036	2,933,487
City contributions subsequent to the measurement date	<u>4,014,875</u>	<u>4,184,855</u>	<u>8,199,730</u>
Total Deferred Outflows of Resources	<u>\$7,484,585</u>	<u>\$16,432,276</u>	<u>\$23,916,861</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$20,341,108	\$12,110,293	\$32,451,401
Differences between expected and actual experience	375,067	2,401,244	2,776,311
Change in proportionate share	<u>0</u>	<u>397,619</u>	<u>397,619</u>
Total Deferred Inflows of Resources	<u>\$20,716,175</u>	<u>\$14,909,156</u>	<u>\$35,625,331</u>

\$8,199,730 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$2,362,693)	\$500,198	(\$1,862,495)
2024	(6,864,960)	(2,836,087)	(9,701,047)
2025	(4,783,017)	(869,000)	(5,652,017)
2026	(3,235,795)	(576,434)	(3,812,229)
2027	<u>0</u>	<u>1,119,588</u>	<u>1,119,588</u>
Total	<u>(\$17,246,465)</u>	<u>(\$2,661,735)</u>	<u>(\$19,908,200)</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.

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. 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, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	<u>100.00 %</u>	4.21 %

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

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

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability	\$45,087,751	\$17,101,085	(\$6,187,551)

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

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

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

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

For the January 1, 2021 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

* levered 2.5x

Note: Assumptions are geometric

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$68,499,061	\$46,189,957	\$27,611,980

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

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

Net OPEB Liability (Asset)

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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.

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The City's contractually required contribution to OP&F was \$99,435 for 2022. Of this amount, \$8,529 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$6,304,112)	\$8,103,849	\$1,799,737
Proportion of the Net OPEB Liability (Asset) -2022	0.201271%	0.739344%	
Proportion of the Net OPEB Liability (Asset) -2021	<u>0.197091%</u>	<u>0.713153%</u>	
Percentage Change	<u>0.004180%</u>	<u>0.026191%</u>	
OPEB Expense	(\$5,212,765)	\$818,356	(\$4,394,409)

*Total 2022 OPEB expense, including the Retiree Life Insurance Plan is (\$4,433,964).

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$3,587,011	\$3,587,011
Differences between expected and actual experience	0	368,652	368,652
Change in proportionate share	43,738	834,245	877,983
City contributions subsequent to the measurement date	0	99,435	99,435
Total Deferred Outflows of Resources	<u>\$43,738</u>	<u>\$4,889,343</u>	<u>\$4,933,081</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$3,005,359	\$732,049	\$3,737,408
Changes in assumptions	2,551,834	941,213	3,493,047
Differences between expected and actual experience	956,238	1,071,039	2,027,277
Change in proportionate share	0	233,310	233,310
Total Deferred Inflows of Resources	<u>\$6,513,431</u>	<u>\$2,977,611</u>	<u>\$9,491,042</u>

\$99,435 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 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$3,984,461)	\$492,770	(\$3,491,691)
2024	(1,396,961)	384,091	(1,012,870)
2025	(656,656)	398,540	(258,116)
2026	(431,615)	103,960	(327,655)
2027	0	207,304	207,304
2028	0	140,331	140,331
2029	0	85,301	85,301
Total	<u>(\$6,469,693)</u>	<u>\$1,812,297</u>	<u>(\$4,657,396)</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.

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$3,707,412)	(\$6,304,112)	(\$8,459,420)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$6,372,240)	(\$6,304,112)	(\$6,223,299)

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Actuarial Assumptions – OP&F

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

* levered 2.5x

Note: Assumptions are geometric

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	<u>1% Decrease (1.84%)</u>	<u>Current Discount Rate (2.84%)</u>	<u>1% Increase (3.84%)</u>
City's proportionate share of the net OPEB liability	\$10,186,719	\$8,103,849	\$6,391,726

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan

Total OPEB Liability

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

Plan Description

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

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

Funding Policy – Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The City’s contractually required contribution was \$89,880 for 2022.

At December 31, 2022 the number of active participants was 607 and the number of retirees was 676.

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

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

The Total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2022. Following is information related to changes in the Total OPEB liability:

	Changes in Total OPEB Liability
Total OPEB Liability 12/31/21	\$1,681,865
Service cost	24,053
Interest	29,468
Difference between expected and actual experience	(8,500)
Changes of assumptions	(384,251)
Benefit payments	(89,880)
Total OPEB Liability 12/31/22	\$1,252,755
Retiree Life Insurance Plan OPEB expense	(\$39,555)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Retiree Life Insurance Plan</u>		
Changes in assumptions	\$111,809	\$298,860
Differences between expected and actual experience	38,086	6,610
Total	\$149,895	\$305,470

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

Year Ending December 31:	
2023	(\$6,564)
2024	(39,648)
2025	(67,407)
2026	(41,956)
Total	(\$155,575)

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Actuarial Assumptions

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	4.00 percent
Prior Measurement date	1.80 percent
Actuarial Cost Method	Entry Age Normal

Mortality Rates:	
Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Because the Retiree Life Insurance Plan is not funded, the discount rate is based on a 20-year tax exempt municipal bond rate based on published indices.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate The following table presents the Retiree Life Insurance Plan total OPEB liability calculated using the single discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.00 percent) or one-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease <u>(3.00%)</u>	Current Discount Rate <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Total OPEB liability	\$1,400,677	\$1,252,755	\$1,129,719

CITY OF HAMILTON, OHIO

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

NOTE 12 - NOTES PAYABLE

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

	Balance January 1, 2021	Issued	(Retired)	Balance December 31, 2022
Special Revenue Fund Notes Payable:				
4.00% Stormwater Improvements	0	3,700,000	0	3,700,000
Total Special Revenue Fund Notes Payable	0	3,700,000	0	3,700,000
Capital Projects Fund Notes Payable:				
4.00% Criminal Justice Center Construction	\$0	\$23,000,000	\$0	\$23,000,000
4.00% Tylersville Road Improvements	0	2,250,000	0	2,250,000
4.00% Utility Relocation	0	750,000	0	750,000
4.00% Amphitheater Roof	0	1,750,000	0	1,750,000
Total Capital Projects Fund Notes Payable	0	27,750,000	0	27,750,000
Enterprise Fund Notes Payable:				
4.00% Wastewater Improvements	0	3,300,000	0	3,300,000
Total Enterprise Fund Notes Payable	0	3,300,000	0	3,300,000
Total Notes Payable	\$0	\$34,750,000	\$0	\$34,750,000

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CITY OF HAMILTON, OHIO

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

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

Long-term debt and other long-term obligations of the City at December 31, 2022 were as follows:

Issue Date	Interest Rate	Description	Maturity Date	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Governmental Activities Debt:								
General Obligation Bonds:								
2020	3.0% - 4.00%	Various Purpose 2020	2040	\$2,500,000	\$0	(\$40,000)	\$2,460,000	\$100,000
2020	3.0% - 4.00%	Various Purpose 2020 Refunding	2040	1,170,000	0	(250,000)	920,000	265,000
2018	2.6% - 4.00%	Various Purpose	2048	9,810,000	0	(240,000)	9,570,000	250,000
2021	1.08%	Property Improvement	2024	1,000,000	0	0	1,000,000	0
Total General Obligation Bonds				14,480,000	0	(530,000)	13,950,000	615,000
Special Obligation Non-Tax Revenue Bonds:*								
2020	0.93% - 3.48%	Champions Mill Project Refunding	2050	30,025,000	0	0	30,025,000	0
2020	0.93% - 3.48%	Champions Mill Project	2050	1,875,000	0	(80,000)	1,795,000	80,000
Total Special Obligation Non-Tax Revenue Bonds				31,900,000	0	(80,000)	31,820,000	80,000
Income Tax Revenue Bonds:*								
2017	3.00%	Various Purpose Refunding	2035	7,198,135	0	(423,979)	6,774,156	437,439
2017	3.00%	Various Purpose	2035	479,866	0	(202,161)	277,705	146,562
2017	2.39%	Various Purpose Refunding	2026	1,062,091	0	(1,062,091)	0	0
Total Income Tax Revenue Bonds				8,740,092	0	(1,688,231)	7,051,861	584,001
Special Assessment Bonds (with Governmental Commitment):								
2003	5.25%	Shaffer's Creek Sanitary Sewer	2022	30,000	0	(15,000)	15,000	15,000
Issuance Discounts/Premiums				280,281	0	(26,860)	253,421	0
Total Bonds Payable				55,430,373	0	(2,340,091)	53,090,282	1,294,001
Ohio Water Development Authority Loans Payable:*								
2016	2.13%	South Hamilton Road Storm Water	2049	3,171,949	0	(85,893)	3,086,056	87,732
2020	1.47%	Spooky Nook Public Improvements	2052	2,222,637	564,711	(43,097)	2,744,251	86,828
Total Ohio Water Development Authority Loans Payable				5,394,586	564,711	(128,990)	5,830,307	174,560
Installment Loans:								
2019	2.7-4.0%	Government Building	2049	23,390,000	0	(490,000)	22,900,000	505,000
2022	3.25%	Leaf Collector	2025	0	150,561	(59,930)	90,631	29,235
Total Installment Loans				23,390,000	150,561	(549,930)	22,990,631	534,235
Governmental Activities Other Long-Term Obligations:								
Leases				0	356,509	(50,206)	306,303	111,899
Claims Payable				0	3,500,000	0	3,500,000	350,000
Compensated absences				4,762,640	2,249,443	(2,287,020)	4,725,063	2,320,786
Governmental Activities Debt and Other Long-Term Obligations				\$88,977,599	\$6,821,224	(\$5,356,237)	\$90,442,586	\$4,785,481

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

The principal amount of the City's special assessment bonds outstanding was \$15,000. The special assessments issued are for non-capital related repairs to sidewalks, streets, etc. Special assessment bonds are general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

CITY OF HAMILTON, OHIO

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

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

Issue Date	Interest Rate	Description	Maturity Date	Balance			Balance December 31, 2022	Due Within One Year
				December 31, 2021	Additions	Reductions		
Business-Type Activities Debt:								
Mortgage Revenue Bonds:								
2017	2.23%	Gas Refunding	2027	\$3,615,000	\$0	(\$570,000)	\$3,045,000	\$585,000
2018	3.80%	Gas Improvements	2038	1,540,000	0	(65,000)	1,475,000	70,000
2018	3.0% - 5.0%	Electric Refunding	2030	10,750,000	0	(975,000)	9,775,000	1,030,000
2019	3.0% - 5.0%	Electric Refunding	2039	11,160,000	0	(20,000)	11,140,000	25,000
2019	3.0% - 5.0%	Electric Improvements	2049	15,105,000	0	(290,000)	14,815,000	300,000
2015	2.0% - 5.0%	Water Refunding	2044	9,975,000	0	(320,000)	9,655,000	325,000
2018	4.00%	Water Refunding	2029	4,665,000	0	(510,000)	4,155,000	525,000
2018	3.0% - 4.0%	Water Improvements	2048	2,790,000	0	(60,000)	2,730,000	65,000
2019	3.0% - 4.0%	Water Refunding	2039	8,005,000	0	(20,000)	7,985,000	20,000
2019	3.0% - 4.0%	Water Improvements	2049	1,735,000	0	(35,000)	1,700,000	35,000
2016	1.75% - 5.0%	Wastewater Refunding	2026	5,265,000	0	(965,000)	4,300,000	1,010,000
2018	2.0% - 5.0%	Wastewater Refunding	2041	22,510,000	0	(770,000)	21,740,000	800,000
2019	3.0% - 5.0%	Wastewater Refunding	2039	8,310,000	0	(265,000)	8,045,000	275,000
				<u>105,425,000</u>	<u>0</u>	<u>(4,865,000)</u>	<u>100,560,000</u>	<u>5,065,000</u>
		Issuance Discounts/Premiums		6,935,738	0	(643,316)	6,292,422	0
		Total Mortgage Revenue Bonds		112,360,738	0	(5,508,316)	106,852,422	5,065,000
General Obligation Bonds:								
2018	2.6% - 4.0%	Wastewater Improvements	2038	495,000	0	(25,000)	470,000	25,000
Ohio Water Development Authority Loans:*								
2010	3.25%	Sanitary Sewer Improvements	2030	228,858	0	(22,275)	206,583	23,005
2016	1.33%	River Road Water Main	2037	765,492	0	(43,235)	722,257	43,811
2018	2.22%	Sanitary Sewer Improvements	2049	1,129,023	0	(41,629)	1,087,394	33,190
		Total Ohio Water Development Authority Loans		2,123,373	0	(107,139)	2,016,234	100,006
Ohio Public Works Commission Loans:*								
2016	0.00%	Gilmore Road Pump Station I	2049	2,965,381	0	(107,832)	2,857,549	107,832
2016	0.00%	Pershing Avenue Water Main	2048	662,448	0	(24,998)	637,450	24,998
2017	0.00%	State Route 4 Water Main	2049	393,730	0	(14,318)	379,412	14,318
2017	0.00%	Arlington Avenue Water Main	2049	561,239	0	(19,693)	541,546	19,693
2017	0.00%	Gilmore Road Pump Station II	2049	374,516	0	(13,619)	360,897	13,619
2018	0.00%	Southern Hills Water Main	2049	1,722,711	0	(60,446)	1,662,265	60,446
2019	0.00%	Bilstein Water Main Loop	2050	226,120	0	(7,934)	218,186	7,934
2020	0.00%	Highland Park Water Main	2051	2,099,203	22,134	(35,356)	2,085,981	70,711
2019	0.00%	North Third Street Water Main	2050	1,513,547	0	(51,307)	1,462,240	51,307
2021	0.00%	SOID Sanitary Sewer Relocation	2052	1,605,038	793,822	0	2,398,860	79,962
		Total Ohio Public Works Commission Loans		12,123,933	815,956	(335,503)	12,604,386	450,820
Installment Loan:								
2022	2.45%	Vacuum Truck	2024	0	384,003	(131,114)	252,889	124,913
Business-Type Activities Other Long-Term Obligations:								
		Compensated absences		2,957,125	1,799,592	(1,650,013)	3,106,704	1,776,747
		Business-Type Activities Debt and Other Long-Term Obligations		\$130,060,169	\$2,999,551	(\$7,757,085)	\$125,302,635	\$7,542,486

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

Outstanding revenue bonds totaled \$100,560,000 at December 31, 2022. Under the terms of the revenue bond indentures, the City has agreed to certain covenants including, among other things, maintaining revenue levels to provide for operating expenses and debt service. All of the borrowing issued under the master trust indentures for the revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the insurer guarantees the payments of principal and interest.

CITY OF HAMILTON, OHIO

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

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

A. Future Long-Term Financing Requirements

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

GOVERNMENTAL ACTIVITIES									
Years	General Obligation Bonds			Special Assessment Bonds			Income Tax Revenue Bonds*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$615,000	\$457,634	\$1,072,634	\$15,000	\$788	\$15,788	\$584,001	\$201,419	\$785,420
2024	1,640,000	435,534	2,075,534	0	0	0	459,754	186,641	646,395
2025	470,000	401,734	871,734	0	0	0	473,739	172,657	646,396
2026	480,000	385,584	865,584	0	0	0	488,150	158,248	646,398
2027	490,000	371,184	861,184	0	0	0	502,999	143,400	646,399
2028-2032	2,240,000	1,655,343	3,895,343	0	0	0	2,754,021	477,989	3,232,010
2033-2037	2,965,000	1,255,594	4,220,594	0	0	0	1,789,197	77,643	1,866,840
2038-2042	2,450,000	732,550	3,182,550	0	0	0	0	0	0
2043-2047	2,125,000	334,444	2,459,444	0	0	0	0	0	0
2048-2052	475,000	17,813	492,813	0	0	0	0	0	0
Totals	\$13,950,000	\$6,047,414	\$19,997,414	\$15,000	\$788	\$15,788	\$7,051,861	\$1,417,997	\$8,469,858

GOVERNMENTAL ACTIVITIES									
Years	Special Obligation Non-Tax Revenue Bonds*			OWDA Loans*			Installment Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$80,000	\$920,161	\$1,000,161	\$174,560	\$112,509	\$287,069	\$534,235	\$897,582	\$1,431,817
2024	580,000	916,402	1,496,402	177,602	109,351	286,953	550,199	881,216	1,431,415
2025	585,000	909,399	1,494,399	180,819	106,134	286,953	571,197	863,838	1,435,035
2026	920,000	898,386	1,818,386	184,097	102,857	286,954	555,000	845,530	1,400,530
2027	940,000	883,055	1,823,055	187,435	99,518	286,953	575,000	826,235	1,401,235
2028-2032	4,975,000	4,118,104	9,093,104	989,491	445,276	1,434,767	3,205,000	3,803,992	7,008,992
2033-2037	5,605,000	3,474,479	9,079,479	1,082,881	351,887	1,434,768	3,885,000	3,121,200	7,006,200
2038-2042	6,375,000	2,544,251	8,919,251	1,185,401	249,367	1,434,768	4,730,000	2,279,000	7,009,000
2043-2047	6,975,000	1,446,613	8,421,613	1,297,973	136,795	1,434,768	5,750,000	1,255,000	7,005,000
2048-2052	4,785,000	253,678	5,038,678	370,048	30,571	400,619	2,635,000	167,200	2,802,200
Totals	\$31,820,000	\$16,364,528	\$48,184,528	\$5,830,307	\$1,744,265	\$7,574,572	\$22,990,631	\$14,940,793	\$37,931,424

BUSINESS-TYPE ACTIVITIES									
Years	Revenue Bonds			General Obligation Bonds			OWDA/OPWC Loans*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$5,065,000	\$4,163,672	\$9,228,672	\$25,000	\$15,368	\$40,368	\$550,826	\$37,385	\$588,211
2024	5,250,000	3,964,691	9,214,691	25,000	14,618	39,618	559,368	35,241	594,609
2025	5,470,000	3,783,686	9,253,686	25,000	13,868	38,868	560,739	33,065	593,804
2026	5,715,000	3,559,320	9,274,320	25,000	13,118	38,118	562,143	30,856	592,999
2027	4,760,000	3,069,828	7,829,828	25,000	12,368	37,368	563,581	28,612	592,193
2028-2032	22,315,000	12,552,553	34,867,553	145,000	50,535	195,535	2,780,237	109,584	2,889,821
2033-2037	25,245,000	8,068,839	33,313,839	165,000	24,831	189,831	2,712,940	68,150	2,781,090
2038-2042	18,745,000	3,029,510	21,774,510	35,000	1,269	36,269	2,456,067	38,530	2,494,597
2043-2047	6,025,000	832,513	6,857,513	0	0	0	2,456,067	18,398	2,474,465
2048-2052	1,970,000	87,900	2,057,900	0	0	0	1,418,652	1,722	1,420,374
Totals	\$100,560,000	\$43,112,512	\$143,672,512	\$470,000	\$145,975	\$615,975	\$14,620,620	\$401,543	\$15,022,163

BUSINESS-TYPE ACTIVITIES			
Installment Loan			
Years	Principal	Interest	Total
2023	\$124,913	\$0	\$124,913
2024	127,976	0	127,976
Totals	\$252,889	\$0	\$252,889

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

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

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

The City's total debt margin was \$88,092,141 at December 31, 2022. The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage.

B. Installment Loans

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

In March 2019 the City received \$24,768,150 from the Hamilton Community Authority (a discretely presented component unit) for sale of the Hamilton Government Building located at 345 High Street. Amounts received from the Authority will be paid back over a period of 30 years, after which time the City will own the building. The building is reported by the City as Governmental Activities capital assets at historical cost. The total loan balance at December 31, 2022 was \$22,900,000.

C. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$7,115,288.

D. Ohio Water Development Authority Loans

Spooky Nook Improvements - In 2020 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for public infrastructure improvements at the Spooky Nook project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 1.47%, per annum. This loan is payable from storm water collection charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$2,787,348 from OWDA. Subsequent amounts will be received in future years.

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

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

E. Ohio Public Works Commission Loans

Highland Park Water Main Replacement - In 2020 the City obtained financing through the Ohio Public Works Commission for a water main replacement project in the Highland Park area at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$2,121,337 from OPWC. Subsequent amounts will be received in future years.

SOID Sanitary Sewer Relocation - In 2021 the City obtained financing through the Ohio Public Works Commission for sanitary sewer improvements at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$2,398,860 from OPWC. Subsequent amounts will be received in future years.

F. Claim Payable

The City is reporting a \$3,500,000 claim payable to St. Clair Township. The liability is the result of a settlement between the City and Township involving the annexation of property by the City from the Township. The liability will be paid over a period of 10 years at an interest rate of 3.0%.

G. Pledged Revenue Coverage

The Gas Utility revenue bonds are payable from the net revenue derived from operations of the gas utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2027 and 2038. In 2022 the Gas Fund reported \$1,340,690 of net pledged revenues for coverage of a principal and interest debt service requirement of \$774,135.

The Electric Utility revenue bonds are payable from the net revenue derived from operations of the electric utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2030, 2039, and 2049. In 2022 the Electric Fund reported \$15,765,206 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,756,050.

The Water Utility revenue bonds are payable from the net revenue derived from operations of the water utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2029, 2039, 2044, 2048, and 2049. In 2022 the Water Fund reported \$3,987,615 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,052,688.

The Wastewater Utility revenue bonds are payable from the net revenue derived from operations of the wastewater utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2026, 2039, and 2041. In 2022 the Wastewater Fund reported \$4,832,142 of net pledged revenues for coverage of a principal and interest debt service requirement of \$3,446,551.

CITY OF HAMILTON, OHIO

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

NOTE 14 – LEASES

A. Leases Receivable

The City leases various office space and a cell phone tower as lessor. In 2022 the City received \$296,630 in lease revenue and \$16,490 in interest payments. Total lease receivable balances at December 31, 2022 are as follows:

Fund	Leases Receivable
General Fund	\$4,908,155
Golf Course Fund	60,574
Electric Fund	178,676
Total Leases Receivable	\$5,147,405

B. Leases Payable

The City leases various office space and police equipment.

The following is a schedule of future lease payments as of December 31, 2022:

Years	Leases Payable - Governmental Activities		
	Principal	Interest	Total
2023	\$111,899	\$11,095	\$122,994
2024	90,301	5,981	96,282
2025	43,430	3,374	46,804
2026	45,200	1,604	46,804
2027	15,473	129	15,602
Totals	\$306,303	\$22,183	\$328,486

CITY OF HAMILTON, OHIO

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

NOTE 15 - INSURANCE AND RISK MANAGEMENT

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

Property Insurance	\$242,145,219	Limit
Earthquake	\$25,000,000	
Flood	\$10,000,000	
Ordinance or Law Coverage	\$1,250,000	
Extra Expense Designated Locations	\$1,500,000	
Valuable Papers Restoration	\$1,250,000	
Electric Property Insurance	\$391,643,587	Limit
Earthquake	\$50,000,000	
Flood	\$50,000,000	
Demolition and Increased Cost Construction	\$10,000,000	
Newly Acquired Locations	\$5,000,000	
Misc. Unnamed Locations	\$250,000	
Boiler and Machinery	\$40,000,000	Limit
Auto	\$1,000,000	Limit
Comprehensive and Collision	\$20,000	Deductible
Garage Keepers Liability	\$500,000	Limit
Crime – Theft of Money and Securities In/Out	\$500,000	Limit
Forgery and Alteration Coverage	\$500,000	Limit
Public Officials Bond – Treasurer	\$500,000	Limit
Public Officials Bond – All Others	\$500,000	Limit
Police Professional Liability (per occurrence)	\$1,000,000	Limit

CITY OF HAMILTON, OHIO

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

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

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

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

There has been no significant reduction in coverage in 2022. Settled claims did not exceed this commercial coverage in any of the past three years.

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

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Self-Insurance

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

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$1,259,703 reported in the General Fund at December 31, 2022 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is non-discounted and is based upon historical claims experience. Changes in the claims liability in 2021 and 2022 was as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2021	\$760,605	8,553,487	(8,281,713)	\$1,032,379
2022	1,032,379	7,414,988	(7,187,664)	1,259,703

B. BWC Group Retrospective Rating Program

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

CITY OF HAMILTON, OHIO

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

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

C. BWC Individual Retrospective Rating Program

In prior years the City was enrolled in the Ohio BWC’s Individual Retrospective Rating program. Each retrospective rated policy year carries a 10 year liability period. The Individual Retrospective Rating provided the City with an up-front premium discount in exchange for assuming dollar-for-dollar claims liability for any claim filed during the Retrospective Rating policy year. There is a maximum per claim limit and an aggregate policy limit in Retrospective Rating. For 2022 Hamilton’s per claim limit is \$200,000 and its aggregate policy limit is 150% of the standard premium (i.e., premium before the Individual Retrospective Rating discount and less BWC administrative costs).

The claims liability of \$11,471 reported in the General Fund at December 31, 2022 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount are as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2021	\$23,925	\$7,003	(\$23,925)	\$7,003
2022	7,003	11,471	(7,003)	11,471

NOTE 16 – SIGNIFICANT COMMITMENTS

A. Encumbrance Commitments

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

Fund	Encumbrances
General Fund	\$3,159,400
Hamilton Capital Improvement Fund	2,683,194
Criminal Justice Center Construction Fund	50,000
Other Governmental Funds	7,720,053
Total Governmental Funds	\$13,612,647

CITY OF HAMILTON, OHIO

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

NOTE 16 – SIGNIFICANT COMMITMENTS (Continued)

B. Contractual Commitments

As of December 31, 2022, the City had contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the City. The list below reflects the major contracts that comprise commitments at December 31, 2022:

Vendor	Contractual Commitment
Capital Electric Line Builders	\$1,422,992
R A Miller Construction Co Inc	845,005
Sunesis Construction Company	818,552
C. G. Construction & Utilities Inc	655,503
Insituform Technologies LLC	597,035
Mi De Con Inc	550,000
Milcon Concrete Inc	514,933
Community Improvement Corp of Hamilton Ohio	498,880
Kramer & Feldman, Inc	452,074
Bansal Construction Inc	426,077
Wolfe House Movers of Indiana LLC	370,000
Adleta Inc	364,512
The Hydaker Wheatlake Company	321,547
Rumpke	296,327
Lithko Restoration Technologies	290,602
Mi De Con Inc	273,654
Altec Industries Inc	248,846
Structured Solutions LLC	178,548
ProPump Services LLC	177,919
Johnsons Fire Equipment DBA Johnsons Emergency Vehicles	171,554
Butler Co Sheriffs Office	165,991
Rack & Ballauer Excavating	152,964
	<u>\$9,793,515</u>

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

NOTE 17 – CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2022 to December 31, 2022, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

C. Asset Retirement Obligations

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

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

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

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

NOTE 18 – JOINT VENTURES

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

A. Hamilton-Indian Springs Joint Economic Development Districts

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

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

During 2022, the City's distribution of tax collections for the Hamilton-Indian Springs Joint Economic Development District totaled \$751,351.

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

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

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

NOTE 18 – JOINT VENTURES (Continued)

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

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

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

C. Meldahl Hydroelectric Project

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

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

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

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

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

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

A. AMP, Inc.

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

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

B. Transportation Improvement District of Butler County

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

C. Butler County Emergency Management Agency

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

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

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Hamilton Community Improvement Corporation

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

E. Hamilton Economic Development Corporation

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

F. Ohio-Kentucky-Indiana Regional Council of Governments

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

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

CITY OF HAMILTON, OHIO

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

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 20 – ENTERPRISE INTERFUND REVENUES AND ADMINISTRATIVE CHARGES

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

During 2022, the Electric Fund purchased \$166,158 of natural gas from the Gas Fund. This amount is reflected in the purchased electric expense account in the Electric Fund and as charges for services in the Gas Fund.

The Water and Wastewater Funds purchased electric services from the Electric Fund in the amount of \$1,232,743 and \$782,366 respectively, during 2022. These amounts are recorded in the Water and Wastewater Funds as contractual services and as charges for services in the Electric Fund.

The City's Electric System provides street and traffic lighting services to the City and the estimated operating cost of supplying these services was approximately \$295,000 for the year ending December 31, 2022.

Beginning in 2009, Council approved a policy to provide certain utility costs to general government facilities at no cost. The estimated operating cost of supplying gas, water, and wastewater utilities at no cost to general governmental facilities was estimated to be \$230,000 for the year ending December 31, 2022.

The Utility Systems are allocated a portion of the City's administrative cost from the General Fund. In addition, each Utility is charged expenses by the City's Internal Service Funds. Represented below is the amount charged to each Utility Fund by type of charge or activity for 2022.

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>
Administrative cost (General Fund)	\$1,435,502	\$1,607,539	\$1,435,502	\$1,304,761
Central Services Fund	2,545,664	2,520,699	1,546,759	1,489,905
Fleet Maintenance Fund	383,411	604,846	296,667	67,368
Total	<u>\$4,364,577</u>	<u>\$4,733,084</u>	<u>\$3,278,928</u>	<u>\$2,862,034</u>

CITY OF HAMILTON, OHIO

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

NOTE 21 – DISCRETELY PRESENTED COMPONENT UNIT

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

A. Basis of Accounting

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

B. Basis of Presentation

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

C. Deposits

As of December 31, 2022, the Authority had \$14,007 in cash on deposit with US Bank (Trustee) and \$6,641,059 on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreements with the Trustees. The amount on deposit with the Trustees consists of US Treasury money market funds, US Treasury Bills, and Certificates of Deposit. These accounts are reported as cash and investments on the Statement of Net Position.

D. Loan Receivable

In March 2019, the Authority issued \$24,860,000 in revenue bonds to purchase the Hamilton Government Building located at 345 High Street for \$24,768,150. Amounts received by the City will be paid back over a period of 30 years, after which time the City will own the building. The Authority has pledged the payments received from the City for the payment of principal and interest on the bonds. In 2022, the City paid the Authority \$1,399,047.

The following is a schedule of future loan payments to be received from the City as of December 31, 2022:

Years	Loan Receivable		
	Principal	Interest	Total
2023	\$505,000	\$894,592	\$1,399,592
2024	520,000	879,190	1,399,190
2025	540,000	862,810	1,402,810
2026	555,000	845,530	1,400,530
2027	575,000	826,235	1,401,235
2028-2032	3,205,000	3,803,992	7,008,992
2033-2037	3,885,000	3,121,200	7,006,200
2038-2042	4,730,000	2,279,000	7,009,000
2043-2047	5,750,000	1,255,000	7,005,000
2048-2049	2,635,000	167,200	2,802,200
Totals	<u>\$22,900,000</u>	<u>\$14,934,749</u>	<u>\$37,834,749</u>

CITY OF HAMILTON, OHIO

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

NOTE 21 – DISCRETELY PRESENTED COMPONENT UNIT (Continued)

E. Long-Term Debt

Debt activity for the Authority for the year ended December 31, 2022 was as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
2019 Building Revenue Bonds	\$23,390,000	\$0	(\$490,000)	\$22,900,000	\$505,000
2020 PACE Bonds	32,020,000	0	0	32,020,000	485,000
2020 TIF Bonds	36,090,000	0	(10,000)	36,080,000	25,000
2021 Parking Revenue Bonds	12,900,000	0	0	12,900,000	190,000
Bond Premium (Discount)	(2,703,089)	0	91,491	(2,611,598)	0
Total Bonds	\$101,696,911	\$0	(\$408,509)	\$101,288,402	\$1,205,000

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

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

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

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

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

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available. The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.181112%	0.194154%	0.192963%
City's proportionate share of the net pension liability	\$41,127,343	\$30,459,006	\$52,848,657
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393
City's proportionate share of the net pension liability as a percentage of its covered payroll	174.42%	118.70%	201.93%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	84.66%	74.70%

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

Ohio Police and Fire Pension Fund

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.684675%	0.711449%	0.708997%
City's proportionate share of the net pension liability	\$43,366,613	\$43,664,825	\$57,872,890
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372
City's proportionate share of the net pension liability as a percentage of its covered payroll	294.64%	281.24%	358.85%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	70.91%	63.07%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2020	2021	2022
City's proportion of the net pension liability	0.192546%	0.192842%	0.196555%
City's proportionate share of the net pension liability	\$38,058,030	\$28,555,709	\$17,101,085
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
City's proportionate share of the net pension liability as a percentage of its covered payroll	140.04%	104.02%	61.89%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	86.88%	92.62%

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

Ohio Police and Fire Pension Fund

Year	2020	2021	2022
City's proportion of the net pension liability	0.700746%	0.713153%	0.739344%
City's proportionate share of the net pension liability	\$47,205,981	\$48,616,268	\$46,189,957
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.49%	275.54%	254.53%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	70.65%	75.03%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$3,135,559	\$2,889,118	\$2,743,604	\$2,829,496
Contributions in relation to the contractually required contribution	<u>3,135,559</u>	<u>2,889,118</u>	<u>2,743,604</u>	<u>2,829,496</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$24,119,685	\$24,075,983	\$22,863,367	\$23,579,133
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$2,673,790	\$3,091,205	\$3,060,364	\$3,127,255
Contributions in relation to the contractually required contribution	<u>2,673,790</u>	<u>3,091,205</u>	<u>3,060,364</u>	<u>3,127,255</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,795,978	\$14,571,091	\$14,408,748	\$14,718,583
Contributions as a percentage of covered payroll	18.07%	21.21%	21.24%	21.25%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$3,335,767	\$3,664,135	\$3,804,802
Contributions in relation to the contractually required contribution	<u>3,335,767</u>	<u>3,664,135</u>	<u>3,804,802</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$25,659,746	\$26,172,393	\$27,177,157
Contributions as a percentage of covered payroll	13.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$3,291,033	\$3,409,109	\$3,544,582
Contributions in relation to the contractually required contribution	<u>3,291,033</u>	<u>3,409,109</u>	<u>3,544,582</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$15,525,792	\$16,127,372	\$16,769,908
Contributions as a percentage of covered payroll	21.20%	21.14%	21.14%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$3,843,264	\$3,868,143	\$4,014,875
Contributions in relation to the contractually required contribution	<u>3,843,264</u>	<u>3,868,143</u>	<u>4,014,875</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,451,886	\$27,629,593	\$28,677,679
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$3,732,159	\$3,839,298	\$4,184,855
Contributions in relation to the contractually required contribution	<u>3,732,159</u>	<u>3,839,298</u>	<u>4,184,855</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$17,643,755	\$18,147,094	\$19,887,089
Contributions as a percentage of covered payroll	21.15%	21.16%	21.04%

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

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2020	2021	2022
City's proportion of the net OPEB liability (asset)	0.195755%	0.197091%	0.201271%
City's proportionate share of the net OPEB liability (asset)	\$27,038,853	(\$3,511,330)	(\$6,304,112)
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	99.49%	(12.79%)	(22.82%)
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	115.57%	128.23%

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

Ohio Police and Fire Pension Fund

Year	2020	2021	2022
City's proportion of the net OPEB liability (asset)	0.700746%	0.713153%	0.739344%
City's proportionate share of the net OPEB liability (asset)	\$6,921,777	\$7,555,970	\$8,103,849
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	41.27%	42.83%	44.66%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	45.42%	46.86%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$241,197	\$481,520	\$457,267
Contributions in relation to the contractually required contribution	<u>241,197</u>	<u>481,520</u>	<u>457,267</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$24,119,685	\$24,075,983	\$22,863,367
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$536,138	\$72,855	\$72,044
Contributions in relation to the contractually required contribution	<u>536,138</u>	<u>72,855</u>	<u>72,044</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,795,978	\$14,571,091	\$14,408,748
Contributions as a percentage of covered payroll	3.62%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$471,583	\$256,597	\$0
Contributions in relation to the contractually required contribution	<u>471,583</u>	<u>256,597</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393
Contributions as a percentage of covered payroll	2.00%	1.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$73,593	\$77,629	\$80,637
Contributions in relation to the contractually required contribution	<u>73,593</u>	<u>77,629</u>	<u>80,637</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

Schedule of City's Other Postemployment Benefit (OPEB) Contributions-Cost Sharing Plans Last Ten Years

Ohio Public Employees Retirement System

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593	\$28,677,679
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$83,850	\$88,219	\$90,735	\$99,435
Contributions in relation to the contractually required contribution	<u>83,850</u>	<u>88,219</u>	<u>90,735</u>	<u>99,435</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094	\$19,887,089
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Six Years***

Retiree Life Insurance Plan

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability	\$1,386,170	\$1,327,255	\$1,502,960
City's covered-employee payroll	38,297,716	41,185,538	42,299,765
Total OPEB liability as a percentage of its covered-employee payroll	3.62%	3.22%	3.55%

Source: Finance Director's Office

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Six Years***

Retiree Life Insurance Plan

Year	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability	\$1,631,540	\$1,681,865	\$1,252,755
City's covered-employee payroll	43,947,065	45,095,640	45,776,687
Total OPEB liability as a percentage of its covered-employee payroll	3.71%	3.73%	2.74%

Source: Finance Director's Office

Notes: The Retiree Life Insurance Plan has no assets.

The City implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Five Years***

Retiree Life Insurance Plan

Year	2018	2019	2020	2021	2022
Total OPEB Liability Beginning of Year	\$1,386,170	\$1,327,255	\$1,502,960	\$1,631,540	\$1,681,865
Service cost	15,498	14,686	18,382	22,442	24,053
Interest	47,062	48,811	40,140	31,740	29,468
Difference between expected and actual experience	19,734	31,916	21,914	39,058	(8,500)
Changes of assumptions	(57,311)	166,583	135,366	46,567	(384,251)
Benefit payments	(83,898)	(86,291)	(87,222)	(89,482)	(89,880)
Total OPEB Liability End of Year	<u>\$1,327,255</u>	<u>\$1,502,960</u>	<u>\$1,631,540</u>	<u>\$1,681,865</u>	<u>\$1,252,755</u>

Source: Finance Director's Office

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

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

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY – COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

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

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

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***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

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

Changes in assumptions:

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.

- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

TOTAL OPEB LIABILITY – SINGLE EMPLOYER PLAN

RETIREE LIFE INSURANCE PLAN

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2022.

Changes in assumptions:

2018: The single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 disabled retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE FUNDS AND FIDUCIARY FUNDS.*

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts, debt service, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

One Renaissance Center Fund

To account for revenues and expenditures related to the City-owned office tower known as One Renaissance Center. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Unclaimed Monies Fund

To account for the receipt of monies unable to be returned or distributed. The City will hold the receipts for the statutory period and then the monies will be disbursed to the State of Ohio. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Convention and Visitor's Bureau Fund

To account for the Hotel/Motel tax levied on guests of the City where 50% of such tax monies are distributed to the Convention and Visitor's Bureau and 50% is distributed to the City.

Central Business Special Improvement District Fund

To account for the receiving and disbursing of special assessments levied upon real property within the Hamilton Central Business Special Improvement District. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Fire Insurance Deposit Escrow Fund

To account for deposits and reimbursements held for fire damage as prescribed by Ohio Revised Code. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Municipal Court Improvement Fund

To account for an extra five dollar fee charged by the municipal court on all cases. The money received from this fee is restricted for computerization projects within the municipal court.

Public Safety/Health Income Tax Fund

To account for revenue from 0.25% of the City's income tax restricted to expenditures for health and public safety.

OneOhio Opioid Settlement Fund

To account for monies obtained and distributed by the State of Ohio for opioid settlements from drug manufacturers and distributors. It is designated for resources to assist with community drug recovery, prevention and treatment.

(Continued)

Special Revenue Funds (Continued)

Dispute Resolution Proceeds Fund

To account for the collection of certain fees imposed by Municipal Court. These are restricted to dispute resolution.

Safety Services Fund

To account for all monies restricted for public safety services including crime prevention, youth intervention, drug education and helmet and seatbelt safety.

Police Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Police Levy Fund

To account for monies from the one-mill levy to provide additional police personnel, motor vehicles and equipment of the police division.

Firemen's Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Fire EMS Levy Fund

To account for monies from the one-mill levy to provide and maintain an additional front line paramedic unit with the fire division.

Street Levy Fund

To account for a 3.9 mill, 10 year property tax levy which is used to fund street improvements.

Champions Mill Sports Complex TIF Fund

To account for service payments in lieu of taxes levied by the City and remitted to the Hamilton Community Authority pursuant to a cooperative agreement

Stormwater Management Fund

To account for the planning, construction, operation and maintenance of storm water devices.

Refuse Fund

To account for revenues collected to help fund the refuse collection activity of the City. Revenue collected is committed to defray the cost of refuse collection.

(Continued)

Special Revenue Funds (Continued)

Street Maintenance Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees restricted for local street construction, maintenance and repair.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repairs. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Maintenance Fund on a GAAP basis.)

Land Reutilization Fund

To account for State grants from the Moving Ohio Forward program to be used for demolition of vacant, abandoned and blighted properties in the City.

Home Program Fund

To account for federal grants restricted for improvement of the community's housing stock.

Parking Fund

To account for revenues and expenditures associated with the operation of City-owned parking facilities.

Golf Course Fund

To account for revenues and expenditures associated with the operation of two City-owned golf courses.

Community Development Block Grant Fund

To account for federal grants restricted for community and environmental improvements.

Debt Service Fund

The Debt Service Funds are used to account for retirement of the County's general obligation bonds, special assessment bonds and loans other than those financed by proprietary funds.

Debt Service Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

(Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Special Assessment Fund

To account for revenues and expenditures associated with the levy of special assessments on citizen's property.

Municipal Improvement Tax Increment Equivalent (MITIE) Fund

To account for monies deposited as service payments in lieu of taxes distributed by the County Treasurer for improvements exempt from taxation and for their related costs. To account for the deposit of any income tax revenue that has been dedicated to finance the aforementioned improvements.

Fire Station Construction Fund

To account for transfers from the General Fund to be used for the construction costs of building Fire Station 26 on a 2.5 acre site on South Erie Boulevard.

Governmental Building Sale Proceeds Fund

To account for proceeds from the sale of the Hamilton Government Building. A portion of the proceeds were used for infrastructure improvements, and a portion was loaned to developers of the Spooky Nook project.

Issue II Projects Fund

To account for road and bridge construction projects, partially funded by state grants from the Ohio Public Works Commission, pursuant to Auditor of State specifications. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Infrastructure Program Fund

To account for the purpose of improving the City's infrastructure with proceeds from the issuance of gasoline tax revenue general obligation bonds and transfers from other funds.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not *the* principal, may be used to support the City's programs.

Benninghofen Trust Fund

To account for the investment revenues received and uses of the monies from a charitable bequest made to the City for use with the poor by the Benninghofen Family. The bequest cannot be used for any purpose other than generating investment income.

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 21,674,258	\$ 7,925,117	\$ 75,325	\$ 29,674,700
Receivables:				
Taxes	9,674,721	1,703,188	0	11,377,909
Accounts	1,177,256	0	0	1,177,256
Intergovernmental	2,251,610	0	0	2,251,610
Interest	19,474	0	0	19,474
Special Assessments	39,594	385,277	0	424,871
Loans	60,678	3,500,000	0	3,560,678
Leases	60,574	0	0	60,574
Inventory of Supplies, at Cost	24,593	0	0	24,593
Prepaid Items	46,521	0	0	46,521
Total Assets	\$ 35,029,279	\$ 13,513,582	\$ 75,325	\$ 48,618,186
Liabilities:				
Accounts Payable	\$ 1,200,201	\$ 223,710	\$ 0	\$ 1,423,911
Accrued Wages and Benefits Payable	187,655	0	0	187,655
Intergovernmental Payable	91,495	0	0	91,495
Accrued Liabilities	16,746	0	0	16,746
Customer Deposits	4,270	0	0	4,270
Interfund Payable	0	2,119,256	0	2,119,256
Due to Hamilton Community Authority	2,091,540	0	0	2,091,540
Accrued Interest Payable	822	500	0	1,322
General Obligation Notes Payable	3,700,000	2,250,000	0	5,950,000
Total Liabilities	7,292,729	4,593,466	0	11,886,195
Deferred Inflows of Resources:				
Unavailable Amounts	2,885,933	600,264	0	3,486,197
Property Tax Levy for Next Fiscal Year	5,766,438	1,488,201	0	7,254,639
Leases	60,574	0	0	60,574
Total Deferred Inflows of Resources	8,712,945	2,088,465	0	10,801,410
Fund Balance:				
Nonspendable	71,114	0	75,000	146,114
Restricted	15,175,335	538,900	325	15,714,560
Committed	3,777,156	0	0	3,777,156
Assigned	0	8,293,185	0	8,293,185
Unassigned	0	(2,000,434)	0	(2,000,434)
Total Fund Balance	19,023,605	6,831,651	75,325	25,930,581
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 35,029,279	\$ 13,513,582	\$ 75,325	\$ 48,618,186



CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds
Revenues:			
Income Taxes	\$ 4,525,188	\$ 0	\$ 0
Property and Other Local Taxes	6,960,109	0	1,488,200
Intergovernmental Revenues	6,868,540	0	4,881,594
Charges for Services	8,862,226	0	0
Licenses and Permits	687,469	0	0
Investment Earnings	(538,444)	0	(218,233)
Special Assessments	178,332	0	340,644
Fines and Forfeitures	269,321	0	0
All Other Revenue	623,876	0	6,610
Total Revenues	28,436,617	0	6,498,815
Expenditures:			
Current:			
General Government	214,247	0	0
Security of Persons and Property	3,814,055	0	0
Leisure Time Activities	190,142	0	0
Community Environment	4,233,884	0	0
Basic Utility Services	9,002,412	0	0
Transportation	7,258,075	0	0
Capital Outlay	0	0	11,665,577
Debt Service:			
Principal Retirement	323,682	2,178,469	0
Interest and Fiscal Charges	180,397	1,566,522	500
Total Expenditures	25,216,894	3,744,991	11,666,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,219,723	(3,744,991)	(5,167,262)
Other Financing Sources (Uses):			
Sale of Capital Assets	14,510	0	0
OWDA Loans Issued	564,711	0	0
Installment Loan Issuance	150,561	0	0
Transfers In	2,720,499	2,828,689	8,652,475
Transfers Out	(775,841)	0	(1,051,485)
Total Other Financing Sources (Uses)	2,674,440	2,828,689	7,600,990
Net Change in Fund Balance	5,894,163	(916,302)	2,433,728
Fund Balance at Beginning of Year	13,175,381	916,302	4,397,923
Decrease in Inventory	(45,939)	0	0
Fund Balance End of Year	\$ 19,023,605	\$ 0	\$ 6,831,651

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022***

	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:		
Income Taxes	\$ 0	\$ 4,525,188
Property and Other Local Taxes	0	8,448,309
Intergovernmental Revenues	0	11,750,134
Charges for Services	0	8,862,226
Licenses and Permits	0	687,469
Investment Earnings	706	(755,971)
Special Assessments	0	518,976
Fines and Forfeitures	0	269,321
All Other Revenue	0	630,486
Total Revenues	706	34,936,138
Expenditures:		
Current:		
General Government	381	214,628
Security of Persons and Property	0	3,814,055
Leisure Time Activities	0	190,142
Community Environment	0	4,233,884
Basic Utility Services	0	9,002,412
Transportation	0	7,258,075
Capital Outlay	0	11,665,577
Debt Service:		
Principal Retirement	0	2,502,151
Interest and Fiscal Charges	0	1,747,419
Total Expenditures	381	40,628,343
Excess (Deficiency) of Revenues Over (Under) Expenditures	325	(5,692,205)
Other Financing Sources (Uses):		
Sale of Capital Assets	0	14,510
OWDA Loans Issued	0	564,711
Installment Loan Issuance	0	150,561
Transfers In	0	14,201,663
Transfers Out	0	(1,827,326)
Total Other Financing Sources (Uses)	0	13,104,119
Net Change in Fund Balance	325	7,411,914
Fund Balance at Beginning of Year	75,000	18,564,606
Decrease in Inventory	0	(45,939)
Fund Balance End of Year	\$ 75,325	\$ 25,930,581

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Assets:				
Equity in Pooled Cash and Investments	\$ 31,250	\$ 0	\$ 195,832	\$ 407,386
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Special Assessments	0	39,594	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 31,250</u>	<u>\$ 39,594</u>	<u>\$ 195,832</u>	<u>\$ 407,386</u>
Liabilities:				
Accounts Payable	\$ 31,250	\$ 0	\$ 0	\$ 5,650
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	39,594	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	<u>31,250</u>	<u>39,594</u>	<u>0</u>	<u>5,650</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	0	0	195,832	401,736
Committed	0	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>195,832</u>	<u>401,736</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 31,250</u>	<u>\$ 39,594</u>	<u>\$ 195,832</u>	<u>\$ 407,386</u>

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022***

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Dispute Resolution Proceeds	Safety Services
Assets:				
Equity in Pooled Cash and Investments	\$ 2,452,453	\$ 56,849	\$ 45,438	\$ 2,943,818
Receivables:				
Taxes	983,715	0	0	951,597
Accounts	0	0	0	0
Intergovernmental	0	0	0	53,311
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 3,436,168	\$ 56,849	\$ 45,438	\$ 3,948,726
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 2,473
Accrued Wages and Benefits Payable	0	0	0	13,547
Intergovernmental Payable	0	0	47	3,032
Accrued Liabilities	16,746	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	16,746	0	47	19,052
Deferred Inflows of Resources:				
Unavailable Amounts	471,041	0	0	173,428
Property Tax Levy for Next Fiscal Year	0	0	0	831,480
Leases	0	0	0	0
Total Deferred Inflows of Resources	471,041	0	0	1,004,908
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	2,948,381	56,849	45,391	2,924,766
Committed	0	0	0	0
Total Fund Balance	2,948,381	56,849	45,391	2,924,766
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,436,168	\$ 56,849	\$ 45,438	\$ 3,948,726

(Continued)

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Police Pension	Police Levy	Firemen's Pension	Fire EMS Levy
Assets:				
Equity in Pooled Cash and Investments	\$ 666,397	\$ 1,739,038	\$ 640,517	\$ 1,739,039
Receivables:				
Taxes	285,479	762,461	285,479	762,461
Accounts	0	0	0	0
Intergovernmental	15,993	41,178	15,993	41,178
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 967,869	\$ 2,542,677	\$ 941,989	\$ 2,542,678
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	0	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	52,028	137,421	52,028	137,421
Property Tax Levy for Next Fiscal Year	249,444	666,218	249,444	666,218
Leases	0	0	0	0
Total Deferred Inflows of Resources	301,472	803,639	301,472	803,639
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	666,397	1,739,038	640,517	1,739,039
Committed	0	0	0	0
Total Fund Balance	666,397	1,739,038	640,517	1,739,039
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 967,869	\$ 2,542,677	\$ 941,989	\$ 2,542,678

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management	Refuse
Assets:				
Equity in Pooled Cash and Investments	\$ 1,999,001	\$ 0	\$ 5,828,954	\$ 1,231,003
Receivables:				
Taxes	3,551,989	2,091,540	0	0
Accounts	0	0	369,439	703,159
Intergovernmental	52,308	0	0	0
Interest	0	0	16,196	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	10,585
Total Assets	\$ 5,603,298	\$ 2,091,540	\$ 6,214,589	\$ 1,944,747
Liabilities:				
Accounts Payable	\$ 6,665	\$ 0	\$ 384,719	\$ 310,697
Accrued Wages and Benefits Payable	0	0	40,435	36,457
Intergovernmental Payable	0	0	11,497	11,412
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	2,091,540	0	0
Accrued Interest Payable	0	0	822	0
General Obligation Notes Payable	0	0	3,700,000	0
Total Liabilities	6,665	2,091,540	4,137,473	358,566
Deferred Inflows of Resources:				
Unavailable Amounts	500,663	0	0	0
Property Tax Levy for Next Fiscal Year	3,103,634	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	3,604,297	0	0	0
Fund Balance:				
Nonspendable	0	0	0	10,585
Restricted	1,992,336	0	0	0
Committed	0	0	2,077,116	1,575,596
Total Fund Balance	1,992,336	0	2,077,116	1,586,181
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,603,298	\$ 2,091,540	\$ 6,214,589	\$ 1,944,747

(Continued)

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Street Maintenance	Land Reutilization	Home Program	Parking
Assets:				
Equity in Pooled Cash and Investments	\$ 995,357	\$ 28,110	\$ 139,222	\$ 194,393
Receivables:				
Taxes	0	0	0	0
Accounts	26,890	0	0	77,768
Intergovernmental	1,559,465	235,786	20,563	0
Interest	2,656	0	0	530
Special Assessments	0	0	0	0
Loans	0	0	7,771	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	24,593	0	0	0
Prepaid Items	32,791	0	0	3,145
Total Assets	\$ 2,641,752	\$ 263,896	\$ 167,556	\$ 275,836
Liabilities:				
Accounts Payable	\$ 138,208	\$ 0	\$ 20,562	\$ 84,061
Accrued Wages and Benefits Payable	80,970	865	0	8,742
Intergovernmental Payable	21,352	431	0	2,532
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	4,270
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	240,530	1,296	20,562	99,605
Deferred Inflows of Resources:				
Unavailable Amounts	987,671	235,786	7,771	77,768
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	987,671	235,786	7,771	77,768
Fund Balance:				
Nonspendable	57,384	0	0	3,145
Restricted	1,356,167	26,814	139,223	0
Committed	0	0	0	95,318
Total Fund Balance	1,413,551	26,814	139,223	98,463
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,641,752	\$ 263,896	\$ 167,556	\$ 275,836

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022***

	<u>Golf Course</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:			
Equity in Pooled Cash and Investments	\$ 36,870	\$ 303,331	\$ 21,674,258
Receivables:			
Taxes	0	0	9,674,721
Accounts	0	0	1,177,256
Intergovernmental	0	215,835	2,251,610
Interest	92	0	19,474
Special Assessments	0	0	39,594
Loans	0	52,907	60,678
Leases	60,574	0	60,574
Inventory of Supplies, at Cost	0	0	24,593
Prepaid Items	0	0	46,521
Total Assets	<u>\$ 97,536</u>	<u>\$ 572,073</u>	<u>\$ 35,029,279</u>
Liabilities:			
Accounts Payable	\$ 81	\$ 215,835	\$ 1,200,201
Accrued Wages and Benefits Payable	6,256	383	187,655
Intergovernmental Payable	1,499	99	91,495
Accrued Liabilities	0	0	16,746
Customer Deposits	0	0	4,270
Due to Hamilton Community Authority	0	0	2,091,540
Accrued Interest Payable	0	0	822
General Obligation Notes Payable	0	0	3,700,000
Total Liabilities	<u>7,836</u>	<u>216,317</u>	<u>7,292,729</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	52,907	2,885,933
Property Tax Levy for Next Fiscal Year	0	0	5,766,438
Leases	60,574	0	60,574
Total Deferred Inflows of Resources	<u>60,574</u>	<u>52,907</u>	<u>8,712,945</u>
Fund Balance:			
Nonspendable	0	0	71,114
Restricted	0	302,849	15,175,335
Committed	29,126	0	3,777,156
Total Fund Balance	<u>29,126</u>	<u>302,849</u>	<u>19,023,605</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 97,536</u>	<u>\$ 572,073</u>	<u>\$ 35,029,279</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	82,743	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	77,554
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	(10,354)
Special Assessments	0	178,332	0	0
Fines and Forfeitures	0	0	0	59,455
All Other Revenue	0	0	98,000	0
Total Revenues	82,743	178,332	98,000	126,655
Expenditures:				
Current:				
General Government	93,750	0	116,008	0
Security of Persons and Property	0	0	0	143,705
Leisure Time Activities	0	0	0	0
Community Environment	0	178,332	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	93,750	178,332	116,008	143,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,007)	0	(18,008)	(17,050)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(11,007)	0	(18,008)	(17,050)
Fund Balance at Beginning of Year	11,007	0	213,840	418,786
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 195,832	\$ 401,736

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Dispute Resolution Proceeds	Safety Services
Revenues:				
Income Taxes	\$ 4,525,188	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	831,505
Intergovernmental Revenues	0	58,459	0	120,706
Charges for Services	0	0	7,923	17,167
Licenses and Permits	0	0	0	0
Investment Earnings	(66,331)	(1,610)	(1,176)	(78,290)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	209,866
All Other Revenue	0	0	0	52,075
Total Revenues	4,458,857	56,849	6,747	1,153,029
Expenditures:				
Current:				
General Government	0	0	4,489	0
Security of Persons and Property	3,289,000	0	0	381,350
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	3,289,000	0	4,489	381,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,169,857	56,849	2,258	771,679
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	13,505
OWDA Loans Issued	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	45,000
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	58,505
Net Change in Fund Balance	1,169,857	56,849	2,258	830,184
Fund Balance at Beginning of Year	1,778,524	0	43,133	2,094,582
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 2,948,381	\$ 56,849	\$ 45,391	\$ 2,924,766

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	<u>Police Pension</u>	<u>Police Levy</u>	<u>Firemen's Pension</u>	<u>Fire EMS Levy</u>
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	249,451	666,239	249,451	666,239
Intergovernmental Revenues	32,047	82,512	32,047	82,512
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	(18,016)	(47,045)	(17,340)	(47,046)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	<u>263,482</u>	<u>701,706</u>	<u>264,158</u>	<u>701,705</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	263,482	701,706	264,158	701,705
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	263,482	701,706	264,158	701,705
Fund Balance at Beginning of Year	402,915	1,037,332	376,359	1,037,334
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	<u>\$ 666,397</u>	<u>\$ 1,739,038</u>	<u>\$ 640,517</u>	<u>\$ 1,739,039</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management	Refuse
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	3,103,718	1,110,763	0	0
Intergovernmental Revenues	102,697	0	0	0
Charges for Services	0	0	2,996,901	5,132,261
Licenses and Permits	0	0	0	0
Investment Earnings	(51,614)	0	(137,278)	(32,132)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	57,995	69,698
Total Revenues	3,154,801	1,110,763	2,917,618	5,169,827
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	1,110,763	0	0
Basic Utility Services	0	0	4,053,697	4,948,715
Transportation	3,238,820	0	0	0
Debt Service:				
Principal Retirement	0	0	188,920	0
Interest and Fiscal Charges	0	0	114,660	0
Total Expenditures	3,238,820	1,110,763	4,357,277	4,948,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,019)	0	(1,439,659)	221,112
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	564,711	0
Installment Loan Issuance	0	0	150,561	0
Transfers In	0	0	2,200,000	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	2,915,272	0
Net Change in Fund Balance	(84,019)	0	1,475,613	221,112
Fund Balance at Beginning of Year	2,076,355	0	601,503	1,365,069
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 1,992,336	\$ 0	\$ 2,077,116	\$ 1,586,181

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Street Maintenance	Land Reutilization	Home Program	Parking
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	0
Intergovernmental Revenues	3,413,037	0	766,054	0
Charges for Services	344,765	0	0	267,252
Licenses and Permits	687,469	0	0	0
Investment Earnings	(13,043)	(744)	(3,767)	(4,170)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	24,061	0	46,110	12,690
Total Revenues	4,456,289	(744)	808,397	275,772
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	42,944	752,187	0
Basic Utility Services	0	0	0	0
Transportation	3,624,613	0	0	394,642
Debt Service:				
Principal Retirement	0	0	0	126,233
Interest and Fiscal Charges	0	0	0	61,600
Total Expenditures	3,624,613	42,944	752,187	582,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	831,676	(43,688)	56,210	(306,703)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	1,005	0	0
OWDA Loans Issued	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	50,000	0	387,833
Transfers Out	(775,841)	0	0	0
Total Other Financing Sources (Uses)	(775,841)	51,005	0	387,833
Net Change in Fund Balance	55,835	7,317	56,210	81,130
Fund Balance at Beginning of Year	1,403,655	19,497	83,013	17,333
Decrease in Inventory	(45,939)	0	0	0
Fund Balance End of Year	\$ 1,413,551	\$ 26,814	\$ 139,223	\$ 98,463

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Revenues:			
Income Taxes	\$ 0	\$ 0	\$ 4,525,188
Property and Other Local Taxes	0	0	6,960,109
Intergovernmental Revenues	0	2,178,469	6,868,540
Charges for Services	18,403	0	8,862,226
Licenses and Permits	0	0	687,469
Investment Earnings	(799)	(7,689)	(538,444)
Special Assessments	0	0	178,332
Fines and Forfeitures	0	0	269,321
All Other Revenue	176,658	86,589	623,876
Total Revenues	<u>194,262</u>	<u>2,257,369</u>	<u>28,436,617</u>
Expenditures:			
Current:			
General Government	0	0	214,247
Security of Persons and Property	0	0	3,814,055
Leisure Time Activities	190,142	0	190,142
Community Environment	0	2,149,658	4,233,884
Basic Utility Services	0	0	9,002,412
Transportation	0	0	7,258,075
Debt Service:			
Principal Retirement	8,529	0	323,682
Interest and Fiscal Charges	4,137	0	180,397
Total Expenditures	<u>202,808</u>	<u>2,149,658</u>	<u>25,216,894</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,546)	107,711	3,219,723
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	14,510
OWDA Loans Issued	0	0	564,711
Installment Loan Issuance	0	0	150,561
Transfers In	37,666	0	2,720,499
Transfers Out	0	0	(775,841)
Total Other Financing Sources (Uses)	<u>37,666</u>	<u>0</u>	<u>2,674,440</u>
Net Change in Fund Balance	29,120	107,711	5,894,163
Fund Balance at Beginning of Year	6	195,138	13,175,381
Decrease in Inventory	0	0	(45,939)
Fund Balance End of Year	<u>\$ 29,126</u>	<u>\$ 302,849</u>	<u>\$ 19,023,605</u>

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022***

	Special Assessment	MITIE	Fire Station Construction
Assets:			
Equity in Pooled Cash and Investments	\$ 159,534	\$ 532,790	\$ 3,855,748
Receivables:			
Taxes	0	1,703,188	0
Special Assessments	385,277	0	0
Loans	0	0	0
Total Assets	\$ 544,811	\$ 2,235,978	\$ 3,855,748
Liabilities:			
Accounts Payable	\$ 40,712	\$ 0	\$ 15,800
Interfund Payable	2,119,256	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	2,159,968	0	15,800
Deferred Inflows of Resources:			
Unavailable Amounts	385,277	214,987	0
Property Tax Levy for Next Fiscal Year	0	1,488,201	0
Total Deferred Inflows of Resources	385,277	1,703,188	0
Fund Balance:			
Restricted	0	532,790	0
Assigned	0	0	3,839,948
Unassigned	(2,000,434)	0	0
Total Fund Balance	(2,000,434)	532,790	3,839,948
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 544,811	\$ 2,235,978	\$ 3,855,748

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022**

	Governmental Building Sale Proceeds	Infrastructure Program	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Investments	\$ 9,447	\$ 3,367,598	\$ 7,925,117
Receivables:			
Taxes	0	0	1,703,188
Special Assessments	0	0	385,277
Loans	3,500,000	0	3,500,000
Total Assets	<u>\$ 3,509,447</u>	<u>\$ 3,367,598</u>	<u>\$ 13,513,582</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 167,198	\$ 223,710
Interfund Payable	0	0	2,119,256
Accrued Interest Payable	0	500	500
General Obligation Notes Payable	0	2,250,000	2,250,000
Total Liabilities	<u>0</u>	<u>2,417,698</u>	<u>4,593,466</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	0	600,264
Property Tax Levy for Next Fiscal Year	0	0	1,488,201
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>2,088,465</u>
Fund Balance:			
Restricted	0	6,110	538,900
Assigned	3,509,447	943,790	8,293,185
Unassigned	0	0	(2,000,434)
Total Fund Balance	<u>3,509,447</u>	<u>949,900</u>	<u>6,831,651</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,509,447</u>	<u>\$ 3,367,598</u>	<u>\$ 13,513,582</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022**

	Special Assessment	MITIE	Fire Station Construction	Governmental Building Sale Proceeds
Revenues:				
Property and Other Local Taxes	\$ 0	\$ 1,488,200	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Investment Earnings	(3,132)	(14,144)	(109,175)	(121)
Special Assessments	340,644	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	<u>337,512</u>	<u>1,474,056</u>	<u>(109,175)</u>	<u>(121)</u>
Expenditures:				
Capital Outlay	802,264	942,357	50,877	37,493
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>802,264</u>	<u>942,357</u>	<u>50,877</u>	<u>37,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(464,752)	531,699	(160,052)	(37,614)
Other Financing Sources (Uses):				
Transfers In	0	150,000	4,000,000	0
Transfers Out	(227,393)	(594,284)	0	0
Total Other Financing Sources (Uses)	<u>(227,393)</u>	<u>(444,284)</u>	<u>4,000,000</u>	<u>0</u>
Net Change in Fund Balance	(692,145)	87,415	3,839,948	(37,614)
Fund Balance at Beginning of Year	<u>(1,308,289)</u>	<u>445,375</u>	<u>0</u>	<u>3,547,061</u>
Fund Balance End of Year	<u>\$ (2,000,434)</u>	<u>\$ 532,790</u>	<u>\$ 3,839,948</u>	<u>\$ 3,509,447</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

	Issue II Projects	Infrastructure Program	Total Nonmajor Capital Project Funds
Revenues:			
Property and Other Local Taxes	\$ 0	\$ 0	\$ 1,488,200
Intergovernmental Revenues	1,867,689	3,013,905	4,881,594
Investment Earnings	0	(91,661)	(218,233)
Special Assessments	0	0	340,644
All Other Revenue	0	6,610	6,610
Total Revenues	<u>1,867,689</u>	<u>2,928,854</u>	<u>6,498,815</u>
Expenditures:			
Capital Outlay	1,867,689	7,964,897	11,665,577
Debt Service:			
Interest and Fiscal Charges	0	500	500
Total Expenditures	<u>1,867,689</u>	<u>7,965,397</u>	<u>11,666,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(5,036,543)	(5,167,262)
Other Financing Sources (Uses):			
Transfers In	0	4,502,475	8,652,475
Transfers Out	0	(229,808)	(1,051,485)
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,272,667</u>	<u>7,600,990</u>
Net Change in Fund Balance	0	(763,876)	2,433,728
Fund Balance at Beginning of Year	<u>0</u>	<u>1,713,776</u>	<u>4,397,923</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 949,900</u>	<u>\$ 6,831,651</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 23,157,500	\$ 26,677,284	\$ 26,897,229	\$ 219,945
Property and Other Local Taxes	5,725,000	5,725,000	5,876,346	151,346
Intergovernmental Revenues	2,737,400	2,838,822	3,746,913	908,091
Charges for Services	17,207,207	17,207,207	14,353,546	(2,853,661)
Licenses and Permits	1,062,570	1,062,570	1,275,839	213,269
Investment Earnings	202,500	202,500	606,845	404,345
Fines and Forfeitures	421,318	421,318	388,862	(32,456)
All Other Revenue	326,525	326,525	337,866	11,341
Total Revenues	<u>50,840,020</u>	<u>54,461,226</u>	<u>53,483,446</u>	<u>(977,780)</u>
Expenditures:				
Security of Persons and Property:				
Municipal Court:				
Personal Services	1,736,030	1,736,030	1,574,654	161,376
Other Expenditures	272,276	266,135	267,787	(1,652)
Total Municipal Court	<u>2,008,306</u>	<u>2,002,165</u>	<u>1,842,441</u>	<u>159,724</u>
Police:				
Personal Services	16,333,550	2,890,750	2,495,647	395,103
Other Expenditures	1,396,726	1,825,364	1,534,447	290,917
Total Police	<u>17,730,276</u>	<u>4,716,114</u>	<u>4,030,094</u>	<u>686,020</u>
Fire:				
Personal Services	13,296,377	2,269,260	1,444,095	825,165
Other Expenditures	1,586,085	1,615,781	1,514,972	100,809
Total Fire	<u>14,882,462</u>	<u>3,885,041</u>	<u>2,959,067</u>	<u>925,974</u>
Total Security of Persons and Property	<u>34,621,044</u>	<u>10,603,320</u>	<u>8,831,602</u>	<u>1,771,718</u>
Public Health and Welfare Services:				
Health:				
Personal Services	742,549	818,094	797,637	20,457
Other Expenditures	596,174	420,710	247,255	173,455
Total Public Health and Welfare Services	<u>1,338,723</u>	<u>1,238,804</u>	<u>1,044,892</u>	<u>193,912</u>

(Continued)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Department of Planning:				
Personal Services	1,056,299	1,176,068	1,045,912	130,156
Other Expenditures	187,590	202,897	159,572	43,325
Total Department of Planning	<u>1,243,889</u>	<u>1,378,965</u>	<u>1,205,484</u>	<u>173,481</u>
CDBG:				
Other Expenditures	53,000	50,000	16,877	33,123
Total CDBG	<u>53,000</u>	<u>50,000</u>	<u>16,877</u>	<u>33,123</u>
Total Community Environment	<u>1,296,889</u>	<u>1,428,965</u>	<u>1,222,361</u>	<u>206,604</u>
Basic Utility Services:				
Public Works:				
Personal Services	1,257,876	1,270,372	1,231,765	38,607
Other Expenditures	260,901	307,043	277,184	29,859
Total Basic Utility Services	<u>1,518,777</u>	<u>1,577,415</u>	<u>1,508,949</u>	<u>68,466</u>
General Government:				
City Council:				
Personal Services	96,895	96,895	75,128	21,767
Other Expenditures	6,857	10,611	9,663	948
Total City Council	<u>103,752</u>	<u>107,506</u>	<u>84,791</u>	<u>22,715</u>
City Clerk:				
Personal Services	81,493	81,608	81,143	465
Other Expenditures	17,902	18,329	19,112	(783)
Total City Clerk	<u>99,395</u>	<u>99,937</u>	<u>100,255</u>	<u>(318)</u>
City Manager:				
Personal Services	525,395	530,511	543,054	(12,543)
Other Expenditures	12,894	21,273	22,883	(1,610)
Total City Manager	<u>538,289</u>	<u>551,784</u>	<u>565,937</u>	<u>(14,153)</u>
Neighborhoods:				
Personal Services	432,695	525,700	521,011	4,689
Other Expenditures	137,129	141,123	136,443	4,680
Total Neighborhoods	<u>569,824</u>	<u>666,823</u>	<u>657,454</u>	<u>9,369</u>
Department of Law:				
Personal Services	610,136	610,136	536,413	73,723
Other Expenditures	400,416	662,725	683,459	(20,734)
Total Department of Law	<u>1,010,552</u>	<u>1,272,861</u>	<u>1,219,872</u>	<u>52,989</u>

(Continued)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Department of Civil Service:				
Personal Services	561,439	561,439	511,351	50,088
Other Expenditures	11,510	11,456	10,717	739
Total Department of Civil Service	<u>572,949</u>	<u>572,895</u>	<u>522,068</u>	<u>50,827</u>
Finance:				
Personal Services	1,597,407	1,596,523	1,413,055	183,468
Other Expenditures	932,502	1,356,430	1,104,251	252,179
Total Finance	<u>2,529,909</u>	<u>2,952,953</u>	<u>2,517,306</u>	<u>435,647</u>
Special Appropriations - General:				
Personal Services	180,186	81,664	62,375	19,289
Other Expenditures	6,245,707	12,434,080	12,022,606	411,474
Total Special Appropriations - General	<u>6,425,893</u>	<u>12,515,744</u>	<u>12,084,981</u>	<u>430,763</u>
Special Appropriations:				
Personal Services	90,203	90,813	74,836	15,977
Other Expenditures	2,020,065	2,694,606	2,714,999	(20,393)
Total Special Appropriations	<u>2,110,268</u>	<u>2,785,419</u>	<u>2,789,835</u>	<u>(4,416)</u>
Total General Government	<u>13,960,831</u>	<u>21,525,922</u>	<u>20,542,499</u>	<u>983,423</u>
Total Expenditures	<u>52,736,264</u>	<u>36,374,426</u>	<u>33,150,303</u>	<u>3,224,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,896,244)	18,086,800	20,333,143	2,246,343
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	4,902	4,902
Transfers Out	(1,010,452)	(23,282,025)	(21,543,789)	1,738,236
Total Other Financing Sources (Uses)	<u>(1,010,452)</u>	<u>(23,282,025)</u>	<u>(21,538,887)</u>	<u>1,743,138</u>
Net Change in Fund Balance	(2,906,696)	(5,195,225)	(1,205,744)	3,989,481
Fund Balance at Beginning of Year	8,293,254	8,293,254	8,293,254	0
Prior Year Encumbrances	2,906,696	2,906,696	2,906,696	0
Fund Balance at End of Year	<u>\$ 8,293,254</u>	<u>\$ 6,004,725</u>	<u>\$ 9,994,206</u>	<u>\$ 3,989,481</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 134	\$ 64
All Other Revenue	1,425	1,425	1,537	112
Total Revenues	1,495	1,495	1,671	176
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	500	500	270	230
Total Expenditures	500	500	270	230
Net Change in Fund Balance	995	995	1,401	406
Fund Balance at Beginning of Year	12,761	12,761	12,761	0
Fund Balance at End of Year	\$ 13,756	\$ 13,756	\$ 14,162	\$ 406

CITY OF HAMILTON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Coronavirus State and Local Fiscal Recovery
(SLFRF) Fund
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 16,795,100	\$ 16,795,100	\$ 0
Total Revenues	<u>0</u>	<u>16,795,100</u>	<u>16,795,100</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	25,090,200	25,090,200	0
Other Expenditures	8,295,100	0	0	0
Total Expenditures	<u>8,295,100</u>	<u>25,090,200</u>	<u>25,090,200</u>	<u>0</u>
Net Change in Fund Balance	(8,295,100)	(8,295,100)	(8,295,100)	0
Fund Balance at Beginning of Year	8,295,100	8,295,100	8,295,100	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Hamilton Capital Improvement Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 2,985,000	\$ 2,985,000	\$ 3,470,595	\$ 485,595
Intergovernmental Revenues	3,986,000	7,491,221	5,708,111	(1,783,110)
All Other Revenue	20,000	1,246,555	63,046	(1,183,509)
Total Revenues	<u>6,991,000</u>	<u>11,722,776</u>	<u>9,241,752</u>	<u>(2,481,024)</u>
Expenditures:				
Capital Outlay	6,817,119	13,446,492	11,185,951	2,260,541
Debt Service:				
Interest and Fiscal Charges	0	0	12,460	(12,460)
Total Expenditures	<u>6,817,119</u>	<u>13,446,492</u>	<u>11,198,411</u>	<u>2,248,081</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	173,881	(1,723,716)	(1,956,659)	(232,943)
Other Financing Sources (Uses):				
Sale of Capital Assets	27,000	27,000	218	(26,782)
Note Issuance	0	0	2,500,000	2,500,000
Debt Issuance Premium	0	0	19,816	19,816
Transfers In	90,452	2,907,364	2,799,503	(107,861)
Transfers Out	(1,849,224)	(2,799,224)	(2,694,531)	104,693
Total Other Financing Sources (Uses)	<u>(1,731,772)</u>	<u>135,140</u>	<u>2,625,006</u>	<u>2,489,866</u>
Net Change in Fund Balance	(1,557,891)	(1,588,576)	668,347	2,256,923
Fund Balance at Beginning of Year	278,814	278,814	278,814	0
Prior Year Encumbrances	4,276,119	4,276,119	4,276,119	0
Fund Balance at End of Year	<u>\$ 2,997,042</u>	<u>\$ 2,966,357</u>	<u>\$ 5,223,280</u>	<u>\$ 2,256,923</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Criminal Justice Center Construction Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 41,428	\$ 41,428
Total Revenues	0	0	41,428	41,428
Expenditures:				
Capital Outlay	0	33,000,000	185,571	32,814,429
Debt Service:				
Interest and Fiscal Charges	0	0	114,530	(114,530)
Total Expenditures	0	33,000,000	300,101	32,699,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(33,000,000)	(258,673)	32,741,327
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	23,000,000	23,182,141	182,141
Transfers In	0	10,000,000	8,069,480	(1,930,520)
Total Other Financing Sources (Uses)	0	33,000,000	31,251,621	(1,748,379)
Net Change in Fund Balance	0	0	30,992,948	30,992,948
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 30,992,948	\$ 30,992,948

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

ONE RENAISSANCE CENTER FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,522,268	\$ 2,522,268	\$ 2,326,064	\$ (196,204)
Total Revenues	2,522,268	2,522,268	2,326,064	(196,204)
Expenditures:				
General Government:				
Other Expenditures	2,254,200	3,729,879	3,327,620	402,259
Total Expenditures	2,254,200	3,729,879	3,327,620	402,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	268,068	(1,207,611)	(1,001,556)	206,055
Other Financing Sources (Uses):				
Transfers In	0	500,000	0	(500,000)
Total Other Financing Sources (Uses)	0	500,000	0	(500,000)
Net Change in Fund Balance	268,068	(707,611)	(1,001,556)	(293,945)
Fund Balance at Beginning of Year	1,027,002	1,027,002	1,027,002	0
Prior Year Encumbrances	139,284	139,284	139,284	0
Fund Balance at End of Year	\$ 1,434,354	\$ 458,675	\$ 164,730	\$ (293,945)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

UNCLAIMED MONIES FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenue	\$ 5,000	\$ 5,000	\$ 1,272	\$ (3,728)
Total Revenues	5,000	5,000	1,272	(3,728)
Expenditures:				
General Government:				
Other Expenditures	20,000	20,000	9,857	10,143
Total Expenditures	20,000	20,000	9,857	10,143
Net Change in Fund Balance	(15,000)	(15,000)	(8,585)	6,415
Fund Balance at Beginning of Year	44,894	44,894	44,894	0
Fund Balance at End of Year	\$ 29,894	\$ 29,894	\$ 36,309	\$ 6,415

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

CONVENTION AND VISITOR'S BUREAU FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 100,000	\$ 125,000	\$ 82,743	\$ (42,257)
Total Revenues	100,000	125,000	82,743	(42,257)
Expenditures:				
General Government:				
Other Expenditures	131,250	156,250	125,000	31,250
Total Expenditures	131,250	156,250	125,000	31,250
Net Change in Fund Balance	(31,250)	(31,250)	(42,257)	(11,007)
Fund Balance at Beginning of Year	11,007	11,007	11,007	0
Prior Year Encumbrances	31,250	31,250	31,250	0
Fund Balance at End of Year	\$ 11,007	\$ 11,007	\$ 0	\$ (11,007)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

MUNICIPAL COURT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 82,406	\$ 82,406	\$ 77,554	\$ (4,852)
Fines and Forfeitures	68,915	68,915	58,935	(9,980)
Total Revenues	<u>151,321</u>	<u>151,321</u>	<u>136,489</u>	<u>(14,832)</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	154,402	151,820	150,870	950
Total Expenditures	<u>154,402</u>	<u>151,820</u>	<u>150,870</u>	<u>950</u>
Net Change in Fund Balance	(3,081)	(499)	(14,381)	(13,882)
Fund Balance at Beginning of Year	405,140	405,140	405,140	0
Prior Year Encumbrances	9,152	9,152	9,152	0
Fund Balance at End of Year	<u>\$ 411,211</u>	<u>\$ 413,793</u>	<u>\$ 399,911</u>	<u>\$ (13,882)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

PUBLIC SAFETY/HEALTH INCOME TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 3,739,500	\$ 3,739,500	\$ 4,338,245	\$ 598,745
Total Revenues	3,739,500	3,739,500	4,338,245	598,745
Expenditures:				
Security of Persons and Property:				
Other Expenditures	3,739,500	3,739,500	3,289,000	450,500
Total Expenditures	3,739,500	3,739,500	3,289,000	450,500
Net Change in Fund Balance	0	0	1,049,245	1,049,245
Fund Balance at Beginning of Year	1,472,649	1,472,649	1,472,649	0
Fund Balance at End of Year	\$ 1,472,649	\$ 1,472,649	\$ 2,521,894	\$ 1,049,245

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 100,000	\$ 58,459	\$ (41,541)
Total Revenues	0	100,000	58,459	(41,541)
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	0	100,000	0	100,000
Total Expenditures	0	100,000	0	100,000
Net Change in Fund Balance	0	0	58,459	58,459
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 58,459	\$ 58,459

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

DISPUTE RESOLUTION PROCEEDS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 7,300	\$ 7,300	\$ 7,857	\$ 557
Total Revenues	7,300	7,300	7,857	557
Expenditures:				
General Government:				
Personal Services	5,022	5,022	4,491	531
Other Expenditures	1,000	1,000	0	1,000
Total Expenditures	6,022	6,022	4,491	1,531
Net Change in Fund Balance	1,278	1,278	3,366	2,088
Fund Balance at Beginning of Year	42,621	42,621	42,621	0
Fund Balance at End of Year	\$ 43,899	\$ 43,899	\$ 45,987	\$ 2,088

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

SAFETY SERVICES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 820,000	\$ 820,000	\$ 831,505	\$ 11,505
Intergovernmental Revenues	120,329	136,379	120,706	(15,673)
Charges for Services	22,755	22,755	17,167	(5,588)
Fines and Forfeitures	225,200	225,200	211,532	(13,668)
All Other Revenue	30,500	32,313	52,075	19,762
Total Revenues	1,218,784	1,236,647	1,232,985	(3,662)
Expenditures:				
Security of Persons and Property:				
Personal Services	329,215	329,132	306,611	22,521
Other Expenditures	963,546	962,783	77,246	885,537
Total Expenditures	1,292,761	1,291,915	383,857	908,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,977)	(55,268)	849,128	904,396
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	13,505	3,505
Transfers In	80,000	80,000	45,000	(35,000)
Total Other Financing Sources (Uses)	90,000	90,000	58,505	(31,495)
Net Change in Fund Balance	16,023	34,732	907,633	872,901
Fund Balance at Beginning of Year	2,071,574	2,071,574	2,071,574	0
Prior Year Encumbrances	22,872	22,872	22,872	0
Fund Balance at End of Year	\$ 2,110,469	\$ 2,129,178	\$ 3,002,079	\$ 872,901

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

POLICE PENSION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 249,451	\$ 9,451
Intergovernmental Revenues	42,000	42,000	32,047	(9,953)
Total Revenues	282,000	282,000	281,498	(502)
Expenditures:				
Security of Persons and Property:				
Other Expenditures	295,000	295,000	0	295,000
Total Expenditures	295,000	295,000	0	295,000
Net Change in Fund Balance	(13,000)	(13,000)	281,498	294,498
Fund Balance at Beginning of Year	403,768	403,768	403,768	0
Fund Balance at End of Year	\$ 390,768	\$ 390,768	\$ 685,266	\$ 294,498

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

POLICE LEVY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 666,239	\$ 16,239
Intergovernmental Revenues	82,000	82,000	82,512	512
Total Revenues	732,000	732,000	748,751	16,751
Expenditures:				
Security of Persons and Property:				
Other Expenditures	725,000	725,000	0	725,000
Total Expenditures	725,000	725,000	0	725,000
Net Change in Fund Balance	7,000	7,000	748,751	741,751
Fund Balance at Beginning of Year	1,039,527	1,039,527	1,039,527	0
Fund Balance at End of Year	\$ 1,046,527	\$ 1,046,527	\$ 1,788,278	\$ 741,751

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

FIREMEN'S PENSION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 249,451	\$ 9,451
Intergovernmental Revenues	32,000	32,000	32,047	47
Total Revenues	272,000	272,000	281,498	9,498
Expenditures:				
Security of Persons and Property:				
Other Expenditures	282,000	282,000	0	282,000
Total Expenditures	282,000	282,000	0	282,000
Net Change in Fund Balance	(10,000)	(10,000)	281,498	291,498
Fund Balance at Beginning of Year	377,155	377,155	377,155	0
Fund Balance at End of Year	\$ 367,155	\$ 367,155	\$ 658,653	\$ 291,498

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

FIRE EMS LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 666,239	\$ 16,239
Intergovernmental Revenues	85,000	85,000	82,512	(2,488)
Total Revenues	735,000	735,000	748,751	13,751
Expenditures:				
Security of Persons and Property:				
Other Expenditures	725,000	725,000	0	725,000
Total Expenditures	725,000	725,000	0	725,000
Net Change in Fund Balance	10,000	10,000	748,751	738,751
Fund Balance at Beginning of Year	1,039,529	1,039,529	1,039,529	0
Fund Balance at End of Year	\$ 1,049,529	\$ 1,049,529	\$ 1,788,280	\$ 738,751

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

STREET LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,103,718	\$ 3,718
Intergovernmental Revenues	50,000	50,000	102,697	52,697
Total Revenues	3,150,000	3,150,000	3,206,415	56,415
Expenditures:				
Community Environment:				
Other Expenditures	5,509,450	5,509,450	4,295,337	1,214,113
Total Expenditures	5,509,450	5,509,450	4,295,337	1,214,113
Net Change in Fund Balance	(2,359,450)	(2,359,450)	(1,088,922)	1,270,528
Fund Balance at Beginning of Year	2,798	2,798	2,798	0
Prior Year Encumbrances	2,359,450	2,359,450	2,359,450	0
Fund Balance at End of Year	\$ 2,798	\$ 2,798	\$ 1,273,326	\$ 1,270,528

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 0	\$ 1,110,763	\$ 1,110,763	\$ 0
Total Revenues	0	1,110,763	1,110,763	0
Expenditures:				
General Government:				
Other Expenditures	0	1,110,763	1,110,763	0
Total Expenditures	0	1,110,763	1,110,763	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

STORMWATER MANAGEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 3,005,868	\$ 3,005,868	\$ 2,971,517	\$ (34,351)
Investment Earnings	20,000	20,000	10,687	(9,313)
All Other Revenue	25,000	25,000	28,684	3,684
Total Revenues	3,050,868	3,050,868	3,010,888	(39,980)
Expenditures:				
Basic Utility Services:				
Personal Services	932,020	981,639	918,849	62,790
Other Expenditures	4,586,148	5,484,307	3,341,495	2,142,812
Debt Service:				
Principal Retirement	169,088	169,088	128,990	40,098
Interest and Fiscal Charges	148,493	148,493	109,318	39,175
Total Expenditures	5,835,749	6,783,527	4,498,652	2,284,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,784,881)	(3,732,659)	(1,487,764)	2,244,895
Other Financing Sources (Uses):				
OWDA Loan Proceeds	3,275,000	2,033,352	564,711	(1,468,641)
Note Issuance	0	3,700,000	3,700,000	0
Premium on Debt Issuance	0	0	29,311	29,311
Transfers In	0	2,200,000	2,200,000	0
Total Other Financing Sources (Uses)	3,275,000	7,933,352	6,494,022	(1,439,330)
Net Change in Fund Balance	490,119	4,200,693	5,006,258	805,565
Fund Balance at Beginning of Year	145,598	145,598	145,598	0
Prior Year Encumbrances	182,013	182,013	182,013	0
Fund Balance at End of Year	\$ 817,730	\$ 4,528,304	\$ 5,333,869	\$ 805,565

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

REFUSE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,081,052	\$ 5,081,052	\$ 5,117,057	\$ 36,005
All Other Revenue	74,000	74,000	69,698	(4,302)
Total Revenues	5,155,052	5,155,052	5,186,755	31,703
Expenditures:				
Basic Utility Services:				
Personal Services	995,186	995,186	931,778	63,408
Other Expenditures	4,477,047	4,465,273	4,348,105	117,168
Total Expenditures	5,472,233	5,460,459	5,279,883	180,576
Net Change in Fund Balance	(317,181)	(305,407)	(93,128)	212,279
Fund Balance at Beginning of Year	700,529	700,529	700,529	0
Prior Year Encumbrances	305,154	305,154	305,154	0
Fund Balance at End of Year	\$ 688,502	\$ 700,276	\$ 912,555	\$ 212,279

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

STREET MAINTENANCE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,210,000	\$ 4,210,000	\$ 3,406,963	\$ (803,037)
Charges for Services	265,000	265,000	344,765	79,765
Licenses and Permits	390,000	390,000	412,481	22,481
Investment Earnings	3,000	3,000	9,543	6,543
All Other Revenue	11,000	11,000	22,683	11,683
Total Revenues	4,879,000	4,879,000	4,196,435	(682,565)
Expenditures:				
Transportation:				
Personal Services	1,868,388	1,865,541	1,671,419	194,122
Other Expenditures	2,158,078	2,231,121	2,172,995	58,126
Total Expenditures	4,026,466	4,096,662	3,844,414	252,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	852,534	782,338	352,021	(430,317)
Other Financing Sources (Uses):				
Transfers Out	(1,100,000)	(1,100,000)	(500,000)	600,000
Total Other Financing Sources (Uses)	(1,100,000)	(1,100,000)	(500,000)	600,000
Net Change in Fund Balance	(247,466)	(317,662)	(147,979)	169,683
Fund Balance at Beginning of Year	685,881	685,881	685,881	0
Prior Year Encumbrances	270,777	270,777	270,777	0
Fund Balance at End of Year	\$ 709,192	\$ 638,996	\$ 808,679	\$ 169,683

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 274,988	\$ (25,012)
Investment Earnings	200	200	853	653
Total Revenues	300,200	300,200	275,841	(24,359)
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,200	300,200	275,841	(24,359)
Other Financing Sources (Uses):				
Transfers Out	(300,000)	(300,000)	(275,841)	24,159
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(275,841)	24,159
Net Change in Fund Balance	200	200	0	(200)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 200	\$ 200	\$ 0	\$ (200)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

LAND REUTILIZATION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Community Environment:				
Personal Services	38,087	38,087	32,490	5,597
Other Expenditures	32,800	32,800	18,171	14,629
Total Expenditures	70,887	70,887	50,661	20,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,887)	(70,887)	(50,661)	20,226
Other Financing Sources (Uses):				
Sale of Capital Assets	18,000	18,000	1,005	(16,995)
Transfers In	65,000	65,000	50,000	(15,000)
Total Other Financing Sources (Uses)	83,000	83,000	51,005	(31,995)
Net Change in Fund Balance	12,113	12,113	344	(11,769)
Fund Balance at Beginning of Year	17,754	17,754	17,754	0
Prior Year Encumbrances	2,800	2,800	2,800	0
Fund Balance at End of Year	<u>\$ 32,667</u>	<u>\$ 32,667</u>	<u>\$ 20,898</u>	<u>\$ (11,769)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

HOME PROGRAM FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,682,450	\$ 1,973,278	\$ 745,491	\$ (1,227,787)
All Other Revenue	264,120	438,264	46,110	(392,154)
Total Revenues	1,946,570	2,411,542	791,601	(1,619,941)
Expenditures:				
Community Environment:				
Personal Services	20,750	22,176	2,500	19,676
Other Expenditures	1,949,529	2,475,571	1,603,507	872,064
Total Expenditures	1,970,279	2,497,747	1,606,007	891,740
Net Change in Fund Balance	(23,709)	(86,205)	(814,406)	(728,201)
Fund Balance at Beginning of Year	(77,343)	(77,343)	(77,343)	0
Prior Year Encumbrances	160,660	160,660	160,660	0
Fund Balance at End of Year	\$ 59,608	\$ (2,888)	\$ (731,089)	\$ (728,201)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

PARKING FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 337,880	\$ 337,880	\$ 267,252	\$ (70,628)
Investment Earnings	1,000	1,000	624	(376)
All Other Revenue	5,000	5,000	12,690	7,690
Total Revenues	343,880	343,880	280,566	(63,314)
Expenditures:				
Transportation:				
Personal Services	212,873	212,873	164,711	48,162
Other Expenditures	361,956	358,560	301,793	56,767
Debt Service:				
Principal Retirement	126,233	126,233	126,233	0
Interest and Fiscal Charges	61,600	61,600	61,600	0
Total Expenditures	762,662	759,266	654,337	104,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	(418,782)	(415,386)	(373,771)	41,615
Other Financing Sources (Uses):				
Transfers In	387,833	387,833	387,833	0
Total Other Financing Sources (Uses)	387,833	387,833	387,833	0
Net Change in Fund Balance	(30,949)	(27,553)	14,062	41,615
Fund Balance at Beginning of Year	7,429	7,429	7,429	0
Prior Year Encumbrances	29,809	29,809	29,809	0
Fund Balance at End of Year	\$ 6,289	\$ 9,685	\$ 51,300	\$ 41,615

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	GOLF COURSE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 17,457	\$ 17,457	\$ 18,403	\$ 946
Investment Earnings	200	200	0	(200)
All Other Revenue	270,000	270,000	176,658	(93,342)
Total Revenues	<u>287,657</u>	<u>287,657</u>	<u>195,061</u>	<u>(92,596)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	125,392	125,392	122,421	2,971
Other Expenditures	125,880	125,880	67,844	58,036
Debt Service:				
Principal Retirement	8,486	8,486	8,529	(43)
Interest and Fiscal Charges	4,181	4,181	4,137	44
Total Expenditures	<u>263,939</u>	<u>263,939</u>	<u>202,931</u>	<u>61,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,718	23,718	(7,870)	(31,588)
Other Financing Sources (Uses):				
Transfers In	12,667	37,667	37,666	(1)
Total Other Financing Sources (Uses)	<u>12,667</u>	<u>37,667</u>	<u>37,666</u>	<u>(1)</u>
Net Change in Fund Balance	36,385	61,385	29,796	(31,589)
Fund Balance at Beginning of Year	2,276	2,276	2,276	0
Fund Balance at End of Year	<u>\$ 38,661</u>	<u>\$ 63,661</u>	<u>\$ 32,072</u>	<u>\$ (31,589)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
Revenues:				
Intergovernmental Revenues	\$ 4,502,326	\$ 5,509,230	\$ 2,198,662	\$ (3,310,568)
Investment Earnings	524	835	809	(26)
All Other Revenue	580,326	692,382	86,589	(605,793)
Total Revenues	<u>5,083,176</u>	<u>6,202,447</u>	<u>2,286,060</u>	<u>(3,916,387)</u>
Expenditures:				
Community Environment:				
Personal Services	132,048	134,514	7,539	126,975
Other Expenditures	4,583,720	5,839,919	3,023,857	2,816,062
Total Expenditures	<u>4,715,768</u>	<u>5,974,433</u>	<u>3,031,396</u>	<u>2,943,037</u>
Net Change in Fund Balance	367,408	228,014	(745,336)	(973,350)
Fund Balance at Beginning of Year	(1,424,605)	(1,424,605)	(1,424,605)	0
Prior Year Encumbrances	1,465,088	1,465,088	1,465,088	0
Fund Balance at End of Year	<u>\$ 407,891</u>	<u>\$ 268,497</u>	<u>\$ (704,853)</u>	<u>\$ (973,350)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022***

DEBT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Debt Service:				
Principal Retirement	1,539,561	2,489,561	2,362,553	127,008
Interest and Fiscal Charges	1,575,630	1,575,630	1,592,748	(17,118)
Total Expenditures	<u>3,115,191</u>	<u>4,065,191</u>	<u>3,955,301</u>	<u>109,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,115,191)	(4,065,191)	(3,955,301)	109,890
Other Financing Sources (Uses):				
Transfers In	2,198,889	3,148,889	3,038,999	(109,890)
Total Other Financing Sources (Uses)	<u>2,198,889</u>	<u>3,148,889</u>	<u>3,038,999</u>	<u>(109,890)</u>
Net Change in Fund Balance	(916,302)	(916,302)	(916,302)	0
Fund Balance at Beginning of Year	916,302	916,302	916,302	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

SPECIAL ASSESSMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 392,000	\$ 392,000	\$ 340,644	\$ (51,356)
Total Revenues	<u>392,000</u>	<u>392,000</u>	<u>340,644</u>	<u>(51,356)</u>
Expenditures:				
Capital Outlay	1,026,460	985,580	982,081	3,499
Total Expenditures	<u>1,026,460</u>	<u>985,580</u>	<u>982,081</u>	<u>3,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(634,460)	(593,580)	(641,437)	(47,857)
Other Financing Sources (Uses):				
Bond Issuance	1,412,372	1,412,372	0	(1,412,372)
Transfers Out	(437,799)	(437,799)	(437,703)	96
Advances In	400,000	400,000	1,795,836	1,395,836
Advances Out	(1,366,573)	(1,395,836)	(1,395,836)	0
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>(21,263)</u>	<u>(37,703)</u>	<u>(16,440)</u>
Net Change in Fund Balance	(626,460)	(614,843)	(679,140)	(64,297)
Fund Balance at Beginning of Year	29,340	29,340	29,340	0
Prior Year Encumbrances	626,460	626,460	626,460	0
Fund Balance at End of Year	<u>\$ 29,340</u>	<u>\$ 40,957</u>	<u>\$ (23,340)</u>	<u>\$ (64,297)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

MUNICIPAL IMPROVEMENT TAX INCREMENT EQUIVALENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 1,375,000	\$ 1,509,033	\$ 1,488,200	\$ (20,833)
Total Revenues	1,375,000	1,509,033	1,488,200	(20,833)
Expenditures:				
Capital Outlay	854,150	942,743	942,357	386
Total Expenditures	854,150	942,743	942,357	386
Excess (Deficiency) of Revenues Over (Under) Expenditures	520,850	566,290	545,843	(20,447)
Other Financing Sources (Uses):				
Transfers In	0	150,000	150,000	0
Transfers Out	(590,557)	(613,447)	(594,284)	19,163
Total Other Financing Sources (Uses)	(590,557)	(463,447)	(444,284)	19,163
Net Change in Fund Balance	(69,707)	102,843	101,559	(1,284)
Fund Balance at Beginning of Year	446,318	446,318	446,318	0
Fund Balance at End of Year	\$ 376,611	\$ 549,161	\$ 547,877	\$ (1,284)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

FIRE STATION CONSTRUCTION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Capital Outlay	0	4,000,000	46,037	3,953,963
Total Expenditures	0	4,000,000	46,037	3,953,963
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(4,000,000)	(46,037)	3,953,963
Other Financing Sources (Uses):				
Transfers In	0	4,000,000	4,000,000	0
Total Other Financing Sources (Uses)	0	4,000,000	4,000,000	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	0	0	3,953,963	3,953,963
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,953,963</u>	<u>\$ 3,953,963</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

GOVERNMENTAL BUILDING SALE PROCEEDS FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	59,637	69,351	69,351	0
Total Expenditures	59,637	69,351	69,351	0
Net Change in Fund Balance	(59,637)	(69,351)	(69,351)	0
Fund Balance at Beginning of Year	9,714	9,714	9,714	0
Prior Year Encumbrances	59,637	59,637	59,637	0
Fund Balance at End of Year	<u>\$ 9,714</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

ISSUE II PROJECTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,100,000	\$ 3,481,910	\$ 1,867,689	\$ (1,614,221)
Total Revenues	<u>1,100,000</u>	<u>3,481,910</u>	<u>1,867,689</u>	<u>(1,614,221)</u>
Expenditures:				
Capital Outlay	1,100,000	3,481,910	2,331,129	1,150,781
Total Expenditures	<u>1,100,000</u>	<u>3,481,910</u>	<u>2,331,129</u>	<u>1,150,781</u>
Net Change in Fund Balance	0	0	(463,440)	(463,440)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (463,440)</u>	<u>\$ (463,440)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

INFRASTRUCTURE PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,666,500	\$ 5,967,551	\$ 3,652,276	\$ (2,315,275)
All Other Revenue	1,445,300	0	0	0
Total Revenues	6,111,800	5,967,551	3,652,276	(2,315,275)
Expenditures:				
Capital Outlay	10,541,087	12,633,535	11,060,119	1,573,416
Total Expenditures	10,541,087	12,633,535	11,060,119	1,573,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,429,287)	(6,665,984)	(7,407,843)	(741,859)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	2,250,000	2,250,000	0
Premium on Debt Issuance	0	0	6,610	6,610
Transfers In	2,688,100	5,236,072	4,502,475	(733,597)
Transfers Out	(234,909)	(234,909)	(229,808)	5,101
Total Other Financing Sources (Uses)	2,453,191	7,251,163	6,529,277	(721,886)
Net Change in Fund Balance	(1,976,096)	585,179	(878,566)	(1,463,745)
Fund Balance at Beginning of Year	(651,093)	(651,093)	(651,093)	0
Prior Year Encumbrances	2,399,682	2,399,682	2,399,682	0
Fund Balance at End of Year	\$ (227,507)	\$ 2,333,768	\$ 870,023	\$ (1,463,745)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2022***

BENNINGHOFEN TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 706	\$ (294)
Total Revenues	1,000	1,000	706	(294)
Expenditures:				
General Government:				
Other Expenditures	1,000	1,000	485	515
Total Expenditures	1,000	1,000	485	515
Net Change in Fund Balance	0	0	221	221
Fund Balance at Beginning of Year	75,104	75,104	75,104	0
Fund Balance at End of Year	\$ 75,104	\$ 75,104	\$ 75,325	\$ 221

Internal Service Funds

Internal Service Funds are used to account for financing goods or services provided by one activity to other activities of the City on a cost-reimbursement basis.

Fleet Maintenance Fund

To account for revenues and expenses associated with the maintenance of the City's motor transport equipment.

Central Services Fund

To account for revenues and expenses associated with interdepartmental charges for the costs of certain goods or services.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2022**

	Fleet Maintenance	Central Services	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 36,253	\$ 115,498	\$ 151,751
Inventory of Supplies at Cost	42,400	0	42,400
Total Current Assets	<u>78,653</u>	<u>115,498</u>	<u>194,151</u>
Noncurrent Assets:			
Net OPEB Asset	159,766	711,331	871,097
Depreciable Capital Assets, Net	156,668	0	156,668
Total Noncurrent Assets	<u>316,434</u>	<u>711,331</u>	<u>1,027,765</u>
Total Assets	<u>395,087</u>	<u>826,829</u>	<u>1,221,916</u>
Deferred Outflows of Resources:			
Pension	189,685	844,535	1,034,220
OPEB	1,171	4,994	6,165
Total Deferred Outflows of Resources	<u>190,856</u>	<u>849,529</u>	<u>1,040,385</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	178,031	189,500	367,531
Accrued Wages and Benefits	57,161	199,238	256,399
Intergovernmental Payable	21,608	60,612	82,220
Compensated Absences Payable - Current	64,846	272,793	337,639
Interfund Payable	293,848	0	293,848
Total Current Liabilities	<u>615,494</u>	<u>722,143</u>	<u>1,337,637</u>
Noncurrent Liabilities:			
Compensated Absences Payable	69,973	151,537	221,510
Net Pension Liability	433,398	1,929,627	2,363,025
Total Noncurrent Liabilities	<u>503,371</u>	<u>2,081,164</u>	<u>2,584,535</u>
Total Liabilities	<u>1,118,865</u>	<u>2,803,307</u>	<u>3,922,172</u>
Deferred Inflows of Resources:			
Pension	525,017	2,337,538	2,862,555
OPEB	165,072	734,950	900,022
Total Deferred Inflows of Resources	<u>690,089</u>	<u>3,072,488</u>	<u>3,762,577</u>
Net Position:			
Investment in Capital Assets	156,668	0	156,668
Unrestricted	(1,379,679)	(4,199,437)	(5,579,116)
Total Net Position	<u>\$ (1,223,011)</u>	<u>\$ (4,199,437)</u>	<u>\$ (5,422,448)</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2022***

	Fleet Maintenance	Central Services	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for Services	\$ 3,129,505	\$ 9,118,113	\$ 12,247,618
Other Operating Revenues	43,678	0	43,678
Total Operating Revenues	<u>3,173,183</u>	<u>9,118,113</u>	<u>12,291,296</u>
Operating Expenses:			
Personal Services	718,406	3,219,034	3,937,440
Contractual Services	445,176	3,782,474	4,227,650
Materials and Supplies	1,776,953	355,929	2,132,882
Depreciation	18,314	0	18,314
Other Operating Expenses	26,746	229,378	256,124
Total Operating Expenses	<u>2,985,595</u>	<u>7,586,815</u>	<u>10,572,410</u>
Operating Income	187,588	1,531,298	1,718,886
Nonoperating Revenues (Expenses):			
Investment Earnings	0	(440)	(440)
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>(440)</u>	<u>(440)</u>
Change in Net Position	187,588	1,530,858	1,718,446
Net Position Beginning of Year	<u>(1,410,599)</u>	<u>(5,730,295)</u>	<u>(7,140,894)</u>
Net Position End of Year	<u>\$ (1,223,011)</u>	<u>\$ (4,199,437)</u>	<u>\$ (5,422,448)</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022***

	Fleet Maintenance	Central Services	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,173,183	\$9,118,113	\$12,291,296
Cash Payments for Goods and Services	(2,270,706)	(4,541,118)	(6,811,824)
Cash Payments for Employees	(1,024,021)	(4,549,440)	(5,573,461)
Net Cash Provided (Used) by Operating Activities	<u>(121,544)</u>	<u>27,555</u>	<u>(93,989)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Advances In from Other Funds	293,848	0	293,848
Advances Out to Other Funds	(151,920)	0	(151,920)
Net Cash Provided by Noncapital Financing Activities	<u>141,928</u>	<u>0</u>	<u>141,928</u>
<u>Cash Flows from Investing Activities:</u>			
Change in the Fair Value of Investments	0	(440)	(440)
Net Cash Used by Investing Activities	<u>0</u>	<u>(440)</u>	<u>(440)</u>
Net Increase in Cash and Cash Equivalents	20,384	27,115	47,499
Cash and Cash Equivalents at Beginning of Year	15,869	88,383	104,252
Cash and Cash Equivalents at End of Year	<u>\$36,253</u>	<u>\$115,498</u>	<u>\$151,751</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income	\$187,588	\$1,531,298	\$1,718,886
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense	18,314	0	18,314
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Decrease in Inventory	11,257	0	11,257
Increase in Net OPEB Asset	(65,781)	(310,499)	(376,280)
Increase in Deferred Outflows of Resources	(38,099)	(198,044)	(236,143)
Decrease in Accounts Payable	(32,941)	(173,217)	(206,158)
Increase in Accrued Wages and Benefits	22,888	54,662	77,550
Increase in Intergovernmental Payable	7,848	5,087	12,935
Increase in Compensated Absences	25,277	7,550	32,827
Decrease in Net Pension Liability	(330,934)	(1,330,139)	(1,661,073)
Increase in Deferred Inflows of Resources	73,039	440,857	513,896
Total Adjustments	<u>(309,132)</u>	<u>(1,503,743)</u>	<u>(1,812,875)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$121,544)</u>	<u>\$27,555</u>	<u>(\$93,989)</u>



Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Custodial Funds

Rounding Up Utility Account Fund

To account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred.

Butler County Annexation Tax Fund

To account for income taxes obtained from a special annexation of property contiguous to Hamilton.

Joint Economic Development District (JEDD) Fund

To account for the receipt and disbursement of income tax revenue pursuant to The Joint Economic Development District Agreement with Indian Springs/ Fairfield Township.

Municipal Court Fund

To account for funds that flow through the Municipal Court office.

Police Property Room Fund

To account for the receipt of items remaining in the custody of the Police Department. The City will hold the items for a certain period of time at which they will be auctioned or disposed.

Property Assessed Clean Energy Fund

To account for special assessments collected and remitted to the Hamilton Community Authority. The assessments have been levied to fund energy improvements at the Champion Mill Spooky Nook Sports Complex site. The Hamilton Community Authority has issued debt to finance the energy improvements. The debt will be retired by the assessments collected from the project site owner.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2022**

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD
Assets:			
Equity in Pooled Cash and Investments	\$ 2,493	\$ 44,669	\$ 44,768
Receivables:			
Special Assessments	0	0	0
Total Assets	<u>2,493</u>	<u>44,669</u>	<u>44,768</u>
Liabilities:			
Intergovernmental Payable	0	44,669	44,768
Due to Others	2,493	0	0
Due to Hamilton Community Authority	0	0	0
Total Liabilities	<u>2,493</u>	<u>44,669</u>	<u>44,768</u>
Net Position:			
Restricted For:			
Individuals and Other Governments	0	0	0
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2022**

	Municipal Court	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 111,902	\$ 283,117	\$ 0	\$ 486,949
Receivables:				
Special Assessments	0	0	32,646,528	32,646,528
Total Assets	111,902	283,117	32,646,528	33,133,477
Liabilities:				
Intergovernmental Payable	111,902	0	0	201,339
Due to Others	0	0	0	2,493
Due to Hamilton Community Authority	0	0	32,646,528	32,646,528
Total Liabilities	111,902	0	32,646,528	32,850,360
Net Position:				
Restricted For:				
Individuals and Other Governments	0	283,117	0	283,117
Total Net Position	\$ 0	\$ 283,117	\$ 0	\$ 283,117

CITY OF HAMILTON, OHIO

**Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2022**

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD
Additions:			
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 0
Contributions Received for Others	11,079	0	0
Tax Collections for Other Governments	0	223,375	1,204,684
Receipt of Seized Property Held for Others	0	0	0
Total Additions	<u>11,079</u>	<u>223,375</u>	<u>1,204,684</u>
Deductions:			
Distribution of Fines and Forfeitures to Other Governments	0	0	0
Distribution of Contributions Received for Others	11,079	0	0
Distribution of Taxes to Other Governments	0	223,375	1,204,684
Distribution of Seized Property Held for Others	0	0	0
Total Deductions	<u>11,079</u>	<u>223,375</u>	<u>1,204,684</u>
Change in Net Position	0	0	0
Net Position at Beginning of Year	0	0	0
Net Position End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2022**

	Municipal Court	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Additions:				
Fines and Forfeiture Collections for Other Governments	\$ 1,997,968	\$ 0	\$ 0	\$ 1,997,968
Contributions Received for Others	0	0	0	11,079
Tax Collections for Other Governments	0	0	1,050,118	2,478,177
Receipt of Seized Property Held for Others	0	20,359	0	20,359
Total Additions	1,997,968	20,359	1,050,118	4,507,583
Deductions:				
Distribution of Fines and Forfeitures to Other Governments	1,997,968	0	0	1,997,968
Distribution of Contributions Received for Others	0	0	0	11,079
Distribution of Taxes to Other Governments	0	0	1,050,118	2,478,177
Distribution of Seized Property Held for Others	0	12,838	0	12,838
Total Deductions	1,997,968	12,838	1,050,118	4,500,062
Change in Net Position	0	7,521	0	7,521
Net Position at Beginning of Year	0	275,596	0	275,596
Net Position End of Year	\$ 0	\$ 283,117	\$ 0	\$ 283,117



STATISTICAL SECTION





STATISTICAL TABLES

This part of the City’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents

Financial Trends	S 2 – S 21
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 22 – S 34
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax and property tax.	
Debt Capacity	S 35 – S 47
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 48 – S 51
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 52 – S 65
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*	*	*
	2013	2014	2015
Governmental Activities:			
Net Investment in Capital Assets	\$64,612,820	\$68,592,556	\$66,544,600
Restricted	9,974,060	6,720,442	8,178,159
Unrestricted (Deficit)	12,148,592	(25,249,747)	(28,081,791)
Total Governmental Activities Net Position	<u>\$86,735,472</u>	<u>\$50,063,251</u>	<u>\$46,640,968</u>
Business-type Activities:			
Net Investment in Capital Assets	\$101,543,663	\$107,423,550	\$100,463,100
Restricted	20,759,192	21,622,744	18,235,929
Unrestricted	44,971,490	24,981,821	29,658,800
Total Business-type Activities Net Position	<u>\$167,274,345</u>	<u>\$154,028,115</u>	<u>\$148,357,829</u>
Primary Government:			
Net Investment in Capital Assets	\$166,156,483	\$176,016,106	\$167,007,700
Restricted	30,733,252	28,343,186	26,414,088
Unrestricted	57,120,082	(267,926)	1,577,009
Total Primary Government Net Position	<u>\$254,009,817</u>	<u>\$204,091,366</u>	<u>\$194,998,797</u>

* Restated

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2016	*	*
	2016	2017	2018
Governmental Activities:			
Net Investment in Capital Assets	\$74,591,613	\$82,073,889	\$69,635,711
Restricted	6,212,366	7,132,718	5,676,645
Unrestricted (Deficit)	(34,082,733)	(82,974,765)	(73,211,626)
Total Governmental Activities Net Position	<u>\$46,721,246</u>	<u>\$6,231,842</u>	<u>\$2,100,730</u>
Business-type Activities:			
Net Investment in Capital Assets	\$196,783,938	\$196,590,931	\$191,875,521
Restricted	18,131,101	15,582,840	15,306,399
Unrestricted	62,635,431	33,762,003	29,137,499
Total Business-type Activities Net Position	<u>\$277,550,470</u>	<u>\$245,935,774</u>	<u>\$236,319,419</u>
Primary Government:			
Net Investment in Capital Assets	\$271,375,551	\$278,664,820	\$261,511,232
Restricted	24,343,467	22,715,558	20,983,044
Unrestricted	28,552,698	(49,212,762)	(44,074,127)
Total Primary Government Net Position	<u>\$324,271,716</u>	<u>\$252,167,616</u>	<u>\$238,420,149</u>

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2019	2020	2021	2022
Governmental Activities:				
Net Investment in Capital Assets	\$73,715,986	\$85,377,651	\$98,174,900	\$107,664,999
Restricted	9,554,467	8,747,676	20,840,792	25,144,359
Unrestricted (Deficit)	(49,812,247)	(59,169,890)	(57,572,835)	(32,863,441)
Total Governmental Activities Net Position	<u>\$33,458,206</u>	<u>\$34,955,437</u>	<u>\$61,442,857</u>	<u>\$99,945,917</u>
Business-type Activities:				
Net Investment in Capital Assets	\$192,842,977	\$191,648,643	\$195,264,437	\$192,960,925
Restricted	11,971,595	11,147,393	11,063,967	11,089,133
Unrestricted	28,861,306	25,194,953	42,324,569	53,299,482
Total Business-type Activities Net Position	<u>\$233,675,878</u>	<u>\$227,990,989</u>	<u>\$248,652,973</u>	<u>\$257,349,540</u>
Primary Government:				
Net Investment in Capital Assets	\$266,558,963	\$277,026,294	\$293,439,337	\$300,625,924
Restricted	21,526,062	19,895,069	31,904,759	36,233,492
Unrestricted	(20,950,941)	(33,974,937)	(15,248,266)	20,436,041
Total Primary Government Net Position	<u>\$267,134,084</u>	<u>\$262,946,426</u>	<u>\$310,095,830</u>	<u>\$357,295,457</u>

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2013	2014	2015
Expenses			
Governmental Activities:			
General Government	\$6,846,691	\$5,495,659	\$11,972,665
Security of Persons and Property	29,179,575	27,645,337	29,109,984
Leisure Time Activities	2,552,980	2,828,054	2,788,945
Community Environment	4,757,333	4,341,261	3,213,932
Basic Utility Services	5,696,920	6,088,052	6,779,008
Transportation	5,644,999	5,878,181	5,496,120
Public Health and Welfare Services	1,081,832	1,206,052	1,542,573
Interest and Fiscal Charges	973,805	992,213	1,075,144
<i>Total Governmental Activities Expenses</i>	<u>56,734,135</u>	<u>54,474,809</u>	<u>61,978,371</u>
Business-type Activities:			
Gas Utility	24,873,444	31,175,555	22,071,290
Electric Utility	57,515,509	64,245,951	65,637,974
Water Utility	14,605,296	13,741,329	14,563,899
Wastewater Utility	12,256,376	11,602,824	12,065,377
<i>Total Business-type Activities Expenses</i>	<u>109,250,625</u>	<u>120,765,659</u>	<u>114,338,540</u>
<i>Total Primary Government Expenses</i>	<u>\$165,984,760</u>	<u>\$175,240,468</u>	<u>\$176,316,911</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,315,895	\$3,252,331	\$3,183,357
Security of Persons and Property	2,804,466	2,963,747	3,055,722
Leisure Time Activities	1,200,984	1,284,944	1,209,724
Community Environment	746,272	611,630	456,883
Basic Utility Services	5,903,259	5,933,181	5,839,079
Transportation	645,653	591,655	659,797
Public Health and Welfare Services	253,046	232,987	222,113
Operating Grants and Contributions	8,740,661	5,925,099	5,584,899
Capital Grants and Contributions	1,573,747	1,973,789	2,880,774
<i>Total Governmental Activities Program Revenues</i>	<u>25,183,983</u>	<u>22,769,363</u>	<u>23,092,348</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2016	2017	2018
Expenses			
Governmental Activities:			
General Government	\$13,748,213	\$10,793,974	\$7,716,575
Security of Persons and Property	29,364,275	32,248,544	35,283,600
Leisure Time Activities	2,655,781	2,872,495	2,880,127
Community Environment	2,156,324	2,638,446	2,409,400
Basic Utility Services	5,986,601	6,692,126	7,500,327
Transportation	5,398,871	5,418,564	8,072,742
Public Health and Welfare Services	1,392,658	1,876,111	1,525,836
Interest and Fiscal Charges	1,136,751	1,142,343	1,383,549
<i>Total Governmental Activities Expenses</i>	<u>61,839,474</u>	<u>63,682,603</u>	<u>66,772,156</u>
Business-type Activities:			
Gas Utility	20,059,695	20,169,139	22,634,644
Electric Utility	73,482,880	85,518,469	86,543,649
Water Utility	14,948,562	16,234,311	15,631,654
Wastewater Utility	13,232,904	13,359,997	15,037,103
<i>Total Business-type Activities Expenses</i>	<u>121,724,041</u>	<u>135,281,916</u>	<u>139,847,050</u>
<i>Total Primary Government Expenses</i>	<u>\$183,563,515</u>	<u>\$198,964,519</u>	<u>\$206,619,206</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,666,535	\$4,154,625	\$4,132,094
Security of Persons and Property	3,195,876	3,323,603	3,355,144
Leisure Time Activities	1,098,407	1,128,081	1,084,312
Community Environment	789,256	333,476	473,146
Basic Utility Services	6,031,405	6,451,263	6,551,126
Transportation	683,059	859,246	846,517
Public Health and Welfare Services	224,444	213,411	224,750
Operating Grants and Contributions	4,469,691	4,556,837	3,508,525
Capital Grants and Contributions	3,186,797	3,504,621	2,800,741
<i>Total Governmental Activities Program Revenues</i>	<u>23,345,470</u>	<u>24,525,163</u>	<u>22,976,355</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2019	2020	2021
Expenses			
Governmental Activities:			
General Government	\$8,781,340	\$7,266,275	\$6,246,010
Security of Persons and Property	4,871,606	35,594,939	33,588,698
Leisure Time Activities	3,182,781	2,232,464	2,012,859
Community Environment	2,644,798	9,914,098	1,818,527
Basic Utility Services	8,728,161	9,878,398	7,558,497
Transportation	8,140,992	5,554,662	6,621,360
Public Health and Welfare Services	1,418,978	2,348,847	712,773
Interest and Fiscal Charges	2,155,256	2,751,191	2,636,393
<i>Total Governmental Activities Expenses</i>	<u>39,923,912</u>	<u>75,540,874</u>	<u>61,195,117</u>
Business-type Activities:			
Gas Utility	21,001,035	19,067,720	17,796,790
Electric Utility	84,314,775	83,678,299	68,304,783
Water Utility	16,724,324	16,662,378	13,540,250
Wastewater Utility	13,779,455	13,361,201	10,274,234
<i>Total Business-type Activities Expenses</i>	<u>135,819,589</u>	<u>132,769,598</u>	<u>109,916,057</u>
<i>Total Primary Government Expenses</i>	<u>\$175,743,501</u>	<u>\$208,310,472</u>	<u>\$171,111,174</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$4,929,109	\$5,300,394	\$5,410,568
Security of Persons and Property	3,255,130	2,834,002	2,934,308
Leisure Time Activities	1,064,951	179,882	17,529
Community Environment	861,033	898,255	822,130
Basic Utility Services	7,098,064	7,540,591	8,121,292
Transportation	909,805	1,146,078	1,222,650
Public Health and Welfare Services	238,566	223,548	245,595
Operating Grants and Contributions	6,358,220	9,323,536	14,461,507
Capital Grants and Contributions	3,881,170	3,106,891	2,972,337
<i>Total Governmental Activities Program Revenues</i>	<u>28,596,048</u>	<u>30,553,177</u>	<u>36,207,916</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	<u>2022</u>
Expenses	
Governmental Activities:	
General Government	\$18,470,115
Security of Persons and Property	36,180,916
Leisure Time Activities	2,063,074
Community Environment	3,792,757
Basic Utility Services	6,681,915
Transportation	6,256,765
Public Health and Welfare Services	846,360
Interest and Fiscal Charges	2,815,851
<i>Total Governmental Activities Expenses</i>	<u>77,107,753</u>
Business-type Activities:	
Gas Utility	20,191,885
Electric Utility	77,236,352
Water Utility	15,504,942
Wastewater Utility	11,865,791
<i>Total Business-type Activities Expenses</i>	<u>124,798,970</u>
<i>Total Primary Government Expenses</i>	<u>\$201,906,723</u>
Program Revenues	
Governmental Activities:	
Charges for Services	
General Government	\$5,585,668
Security of Persons and Property	3,045,715
Leisure Time Activities	18,403
Community Environment	455,952
Basic Utility Services	8,129,162
Transportation	1,316,043
Public Health and Welfare Services	250,886
Operating Grants and Contributions	33,295,944
Capital Grants and Contributions	10,589,705
<i>Total Governmental Activities Program Revenues</i>	<u>62,687,478</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2013	2014	2015
Business-type Activities:			
Charges for Services			
Gas Utility	24,742,117	29,369,479	21,979,425
Electric Utility	60,346,033	61,577,164	64,619,906
Water Utility	14,656,538	14,865,682	12,550,024
Wastewater Utility	11,779,979	12,037,408	11,821,865
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	0	713,516	0
<i>Total Business-type Activities Program Revenues</i>	<u>111,524,667</u>	<u>118,563,249</u>	<u>110,971,220</u>
<i>Total Primary Government Program Revenues</i>	<u>136,708,650</u>	<u>141,332,612</u>	<u>134,063,568</u>
Net (Expense)/Revenue			
Governmental Activities	(31,550,152)	(31,705,446)	(38,886,023)
Business-type Activities	2,274,042	(2,202,410)	(3,367,320)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$29,276,110)</u>	<u>(\$33,907,856)</u>	<u>(\$42,253,343)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$22,310,512	\$23,354,264	\$24,852,412
Property and Other Local Taxes	8,961,444	8,709,596	8,959,287
Intergovernmental, Unrestricted	3,210,419	2,674,829	2,691,164
Investment Earnings	(69,511)	253,825	114,686
Miscellaneous	751,688	1,021,094	1,635,091
Transfers	0	0	(46,727)
<i>Total Governmental Activities</i>	<u>35,164,552</u>	<u>36,013,608</u>	<u>38,205,913</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	73,168	1,053,605	317,485
Transfers	0	0	46,727
Special Items	2,850,000	0	0
<i>Total Business-type Activities</i>	<u>2,923,168</u>	<u>1,053,605</u>	<u>364,212</u>
<i>Total Primary Government</i>	<u>\$38,087,720</u>	<u>\$37,067,213</u>	<u>\$38,570,125</u>
Change in Net Position			
Governmental Activities	\$3,614,400	\$4,308,162	(\$680,110)
Business-type Activities	5,197,210	(1,148,805)	(3,003,108)
<i>Total Primary Government Change in Net Position</i>	<u>\$8,811,610</u>	<u>\$3,159,357</u>	<u>(\$3,683,218)</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2016	2017	2018
Business-type Activities:			
Charges for Services			
Gas Utility	19,086,678	18,482,683	21,756,412
Electric Utility	66,319,492	70,567,830	79,889,209
Water Utility	13,088,389	13,390,954	13,904,531
Wastewater Utility	12,385,219	12,368,579	12,653,041
Operating Grants and Contributions	743,247	743,577	744,842
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>111,623,025</u>	<u>115,553,623</u>	<u>128,948,035</u>
<i>Total Primary Government Program Revenues</i>	<u>134,968,495</u>	<u>140,078,786</u>	<u>151,924,390</u>
Net (Expense)/Revenue			
Governmental Activities	(38,494,004)	(39,157,440)	(43,795,801)
Business-type Activities	(10,101,016)	(19,728,293)	(10,899,015)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$48,595,020)</u>	<u>(\$58,885,733)</u>	<u>(\$54,694,816)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$25,970,527	\$25,664,959	\$26,716,305
Property and Other Local Taxes	8,627,124	8,581,044	8,999,351
Intergovernmental, Unrestricted	2,342,386	2,206,014	2,281,996
Investment Earnings	28,749	196,209	314,480
Miscellaneous	1,605,496	1,509,998	1,198,278
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>38,574,282</u>	<u>38,158,224</u>	<u>39,510,410</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	2,952	0	0
Investment Earnings	290,705	781,792	1,282,660
Transfers	0	0	0
Special Items	139,000,000	0	0
<i>Total Business-type Activities</i>	<u>139,293,657</u>	<u>781,792</u>	<u>1,282,660</u>
<i>Total Primary Government</i>	<u>\$177,867,939</u>	<u>\$38,940,016</u>	<u>\$40,793,070</u>
Change in Net Position			
Governmental Activities	\$80,278	(\$999,216)	(\$4,285,391)
Business-type Activities	129,192,641	(18,946,501)	(9,616,355)
<i>Total Primary Government Change in Net Position</i>	<u>\$129,272,919</u>	<u>(\$19,945,717)</u>	<u>(\$13,901,746)</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2019	2020	2021
Business-type Activities:			
Charges for Services			
Gas Utility	21,076,426	17,849,755	18,111,405
Electric Utility	81,730,855	80,238,628	85,535,709
Water Utility	14,747,917	14,396,099	14,301,554
Wastewater Utility	13,454,526	13,109,026	12,971,767
Operating Grants and Contributions	742,114	85,733	0
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>131,751,838</u>	<u>125,679,241</u>	<u>130,920,435</u>
<i>Total Primary Government Program Revenues</i>	<u>131,751,838</u>	<u>125,679,241</u>	<u>130,920,435</u>
Net (Expense)/Revenue			
Governmental Activities	(11,327,864)	(44,987,697)	(24,987,201)
Business-type Activities	(4,067,751)	(7,090,357)	21,004,378
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$15,395,615)</u>	<u>(\$52,078,054)</u>	<u>(\$3,982,823)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$28,838,412	\$30,414,174	\$31,245,133
Property and Other Local Taxes	8,998,489	9,081,485	13,012,233
Intergovernmental, Unrestricted	2,742,242	2,543,229	3,066,316
Investment Earnings	773,556	723,360	(142,439)
Miscellaneous	1,332,641	3,722,680	4,293,378
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>42,685,340</u>	<u>46,484,928</u>	<u>51,474,621</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	1,424,210	1,405,468	(342,394)
Transfers	0	0	0
Special Items	0	0	0
<i>Total Business-type Activities</i>	<u>1,424,210</u>	<u>1,405,468</u>	<u>(342,394)</u>
<i>Total Primary Government</i>	<u>\$44,109,550</u>	<u>\$47,890,396</u>	<u>\$51,132,227</u>
Change in Net Position			
Governmental Activities	\$31,357,476	\$1,497,231	\$26,487,420
Business-type Activities	(2,643,541)	(5,684,889)	20,661,984
<i>Total Primary Government Change in Net Position</i>	<u>\$28,713,935</u>	<u>(\$4,187,658)</u>	<u>\$47,149,404</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2022
Business-type Activities:	
Charges for Services	
Gas Utility	19,230,682
Electric Utility	86,535,081
Water Utility	14,959,968
Wastewater Utility	13,002,156
Operating Grants and Contributions	0
Capital Grants and Contributions	0
<i>Total Business-type Activities Program Revenues</i>	133,727,887
<i>Total Primary Government Program Revenues</i>	133,727,887
Net (Expense)/Revenue	
Governmental Activities	(14,420,275)
Business-type Activities	8,928,917
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$5,491,358)
General Revenues and Other Changes in Net Position	
Governmental Activities:	
Income Taxes	\$36,761,592
Property and Other Local Taxes	14,352,323
Intergovernmental, Unrestricted	3,240,413
Investment Earnings	(1,819,798)
Miscellaneous	1,383,805
Transfers	(995,000)
<i>Total Governmental Activities</i>	52,923,335
Business-type Activities:	
Other Local Taxes (kWh Tax)	0
Investment Earnings	(1,227,350)
Transfers	995,000
Special Items	0
<i>Total Business-type Activities</i>	(232,350)
<i>Total Primary Government</i>	\$52,690,985
Change in Net Position	
Governmental Activities	\$38,503,060
Business-type Activities	8,696,567
<i>Total Primary Government Change in Net Position</i>	\$47,199,627

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	*			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$157,427	\$257,910	\$273,120	\$270,135
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	2,591,073	3,513,033	2,027,119	1,598,710
Unassigned	8,272,712	7,986,708	11,602,256	7,267,975
<i>Total General Fund</i>	<u>11,021,212</u>	<u>11,757,651</u>	<u>13,902,495</u>	<u>9,136,820</u>
All Other Governmental Funds				
Nonspendable	\$128,399	\$173,681	\$169,184	\$176,403
Restricted	14,833,337	9,753,522	5,294,588	2,748,424
Committed	4,031,504	4,492,651	4,386,446	4,438,845
Assigned	2,240,056	3,386,345	843,659	103,101
Unassigned	(473,703)	(98,694)	(36,116)	(391,739)
<i>Total All Other Governmental Funds</i>	<u>20,759,593</u>	<u>17,707,505</u>	<u>10,657,761</u>	<u>7,075,034</u>
<i>Total Governmental Funds</i>	<u><u>\$31,780,805</u></u>	<u><u>\$29,465,156</u></u>	<u><u>\$24,560,256</u></u>	<u><u>\$16,211,854</u></u>

(continued)

Source: City Records

* Restated

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2017	*	2019	2020
General Fund		2018		
Nonspendable	\$241,555	\$272,307	\$228,832	\$281,476
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	2,141,318	3,735,047	3,123,241	5,734,275
Unassigned	5,504,248	12,462,795	13,689,068	19,346,447
<i>Total General Fund</i>	<u>7,887,121</u>	<u>16,470,149</u>	<u>17,041,141</u>	<u>25,362,198</u>
All Other Governmental Funds				
Nonspendable	\$167,074	\$161,087	\$135,027	\$162,527
Restricted	3,607,737	2,621,820	6,157,749	38,307,485
Committed	3,901,117	3,893,237	3,382,530	2,507,621
Assigned	5,255	490,909	14,359,229	7,004,568
Unassigned	(5,155,483)	(2,900,490)	(650,864)	(1,063,149)
<i>Total All Other Governmental Funds</i>	<u>2,525,700</u>	<u>4,266,563</u>	<u>23,383,671</u>	<u>46,919,052</u>
<i>Total Governmental Funds</i>	<u>\$10,412,821</u>	<u>\$20,736,712</u>	<u>\$40,424,812</u>	<u>\$72,281,250</u>

(continued)

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2021</u>	<u>2022</u>
General Fund		
Nonspendable	\$325,705	\$388,893
Restricted	7,000,000	7,000,000
Committed	0	0
Assigned	6,354,659	6,292,751
Unassigned	18,559,678	18,521,286
<i>Total General Fund</i>	<u>32,240,042</u>	<u>32,202,930</u>
All Other Governmental Funds		
Nonspendable	\$187,935	\$146,114
Restricted	37,574,978	46,248,176
Committed	1,976,869	3,777,156
Assigned	6,177,139	15,462,246
Unassigned	(1,325,806)	(2,000,434)
<i>Total All Other Governmental Funds</i>	<u>44,591,115</u>	<u>63,633,258</u>
<i>Total Governmental Funds</i>	<u><u>\$76,831,157</u></u>	<u><u>\$95,836,188</u></u>

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2013	2014	2015	2016
Revenues:				
Taxes	\$30,392,344	\$31,793,857	\$33,637,684	\$34,425,266
Intergovernmental Revenues	13,552,982	10,403,668	10,354,357	10,075,259
Charges for Services	12,367,803	12,274,857	12,210,156	12,746,544
Licenses and Permits	935,844	1,036,845	1,018,831	1,086,953
Investment Earnings	(59,847)	253,825	114,686	28,749
Special Assessments	668,686	626,396	457,761	452,533
Fines and Forfeitures	821,866	947,713	944,175	1,063,974
All Other Revenue	751,688	1,021,094	1,635,091	1,880,496
Total Revenues	<u>59,431,366</u>	<u>58,358,255</u>	<u>60,372,741</u>	<u>61,759,774</u>
Expenditures:				
Current:				
General Government	6,456,639	4,599,445	5,203,607	10,186,194
Security of Persons and Property	27,840,266	26,527,614	26,548,711	27,434,430
Leisure Time Activities	2,731,042	2,406,632	2,427,067	2,318,248
Community Environment	4,639,097	4,195,166	3,004,125	2,162,524
Basic Utility Services	5,621,039	5,847,541	6,354,117	8,344,578
Transportation	3,496,658	3,761,881	3,161,989	4,109,609
Public Health and Welfare Services	1,042,523	1,144,033	1,455,638	1,398,872
Capital Outlay	6,069,186	8,688,731	14,304,429	11,282,845
Debt Service:				
Principal Retirement	2,365,000	2,405,000	2,559,963	3,208,002
Interest and Fiscal Charges	1,187,163	1,134,543	1,217,255	1,283,266
Total Expenditures	<u>61,448,613</u>	<u>60,710,586</u>	<u>66,236,901</u>	<u>71,728,568</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,017,247)	(2,352,331)	(5,864,160)	(9,968,794)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2017	2018	2019	2020
Revenues:				
Taxes	\$34,475,333	\$35,923,106	\$37,764,569	\$39,426,581
Intergovernmental Revenues	10,152,144	8,965,068	12,579,271	14,877,943
Charges for Services	14,098,978	13,941,420	14,943,430	14,404,805
Licenses and Permits	1,110,347	1,307,990	1,572,057	2,123,975
Investment Earnings	196,209	314,480	773,556	723,360
Special Assessments	345,325	613,095	753,092	920,081
Fines and Forfeitures	923,483	942,788	964,239	687,791
All Other Revenue	1,509,998	1,198,278	1,059,463	3,995,858
Total Revenues	<u>62,811,817</u>	<u>63,206,225</u>	<u>70,409,677</u>	<u>77,160,394</u>
Expenditures:				
Current:				
General Government	7,066,643	5,257,017	6,224,429	6,246,754
Security of Persons and Property	28,794,336	29,505,532	31,629,829	30,985,000
Leisure Time Activities	2,536,998	2,461,376	2,730,146	1,810,018
Community Environment	2,406,167	2,283,037	2,339,378	1,729,218
Basic Utility Services	8,644,891	7,196,824	8,087,683	9,311,833
Transportation	3,226,018	3,365,740	3,196,931	3,066,211
Public Health and Welfare Services	1,679,277	1,406,363	1,200,403	2,203,987
Capital Outlay	12,560,558	10,094,186	10,610,750	17,843,220
Debt Service:				
Principal Retirement	12,215,116	2,604,211	11,966,907	5,991,407
Interest and Fiscal Charges	1,183,980	1,296,558	1,648,529	2,396,199
Total Expenditures	<u>80,313,984</u>	<u>65,470,844</u>	<u>79,634,985</u>	<u>81,583,847</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,502,167)	(2,264,619)	(9,225,308)	(4,423,453)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2021</u>	<u>2022</u>
Revenues:		
Taxes	\$44,175,481	\$50,658,918
Intergovernmental Revenues	20,352,433	47,202,569
Charges for Services	15,278,500	15,704,485
Licenses and Permits	1,898,991	1,963,308
Investment Earnings	(142,439)	(1,819,798)
Special Assessments	750,651	518,976
Fines and Forfeitures	766,354	661,527
All Other Revenue	4,293,378	1,383,805
Total Revenues	<u>87,373,349</u>	<u>116,273,790</u>
Expenditures:		
Current:		
General Government	9,714,308	13,811,730
Security of Persons and Property	33,422,400	36,268,529
Leisure Time Activities	1,768,933	1,790,142
Community Environment	2,336,432	5,066,502
Basic Utility Services	10,242,782	9,429,483
Transportation	4,814,747	7,258,075
Public Health and Welfare Services	1,033,670	1,061,662
Capital Outlay	16,433,795	16,802,385
Debt Service:		
Principal Retirement	3,077,208	3,042,357
Interest and Fiscal Charges	2,532,544	2,796,834
Total Expenditures	<u>85,376,819</u>	<u>97,327,699</u>
Excess (Deficiency) of Revenues Over Expenditures	1,996,530	18,946,091

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2013	2014	2015	2016
Other Financing Sources (Uses):				
Sale of Capital Assets	115,852	29,359	65,721	15,336
Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	0	0	1,592,766
Loan Issuance	9,500,000	0	700,000	0
Bonds and Notes Issued	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Discount on Debt Issuance	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Refunded Bonds Redeemed	0	0	0	0
Long Term Note Issuance	0	0	0	0
Transfers In	7,500,414	11,699,277	10,725,880	10,319,607
Transfers Out	(7,500,414)	(11,699,277)	(10,522,975)	(10,319,607)
Total Other Financing Sources (Uses)	<u>9,615,852</u>	<u>29,359</u>	<u>968,626</u>	<u>1,608,102</u>
Net Change in Fund Balance	<u>\$7,598,605</u>	<u>(\$2,322,972)</u>	<u>(\$4,895,534)</u>	<u>(\$8,360,692)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.30%	6.59%	6.78%	7.50%

(continued)

Source: City Records

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2017	2018	2019	2020
Other Financing Sources (Uses):				
Sale of Capital Assets	22,411	750,708	81,958	959,246
Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	0	0	803,232
Loan Issuance	1,427,128	266,705	24,952,286	0
Bonds and Notes Issued	1,196,214	11,470,000	0	33,030,000
Premium on Debt Issuance	0	242	0	356,083
Discount on Debt Issuance	0	(54,429)	0	0
Refunding Bonds Issued	23,141,416	0	0	31,650,000
Refunded Bonds Redeemed	(14,087,879)	0	0	(30,538,765)
Long Term Note Issuance	0	0	3,893,340	0
Transfers In	6,973,964	14,002,163	7,534,399	12,010,540
Transfers Out	(6,973,964)	(14,002,163)	(7,534,399)	(12,010,540)
Total Other Financing Sources (Uses)	<u>11,699,290</u>	<u>12,433,226</u>	<u>28,927,584</u>	<u>36,259,796</u>
Net Change in Fund Balance	<u>(\$5,802,877)</u>	<u>\$10,168,607</u>	<u>\$19,702,276</u>	<u>\$31,836,343</u>
Debt Service as a Percentage of Noncapital Expenditures	19.58%	6.60%	18.76%	11.43%

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2021	2022
Other Financing Sources (Uses):		
Sale of Capital Assets	116,840	19,630
Lease Issuance	0	356,509
Ohio Water Development Authority Loans	1,419,405	564,711
Loan Issuance	0	150,561
Bonds and Notes Issued	1,000,000	0
Premium on Debt Issuance	0	0
Discount on Debt Issuance	0	0
Refunding Bonds Issued	0	0
Refunded Bonds Redeemed	0	0
Long Term Note Issuance	0	0
Transfers In	7,829,713	25,337,248
Transfers Out	(7,829,713)	(26,332,248)
Total Other Financing Sources (Uses)	<u>2,536,245</u>	<u>96,411</u>
Net Change in Fund Balance	<u>\$4,532,775</u>	<u>\$19,042,502</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.36%	 7.63%

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Real Property				
Assessed	\$805,839,810	\$753,521,500	\$747,624,230	\$744,751,530
Actual	2,302,399,457	2,152,918,571	2,136,069,229	2,127,861,514
Public Utility				
Assessed	4,726,410	4,763,000	4,937,810	5,062,790
Actual	4,726,410	4,763,000	4,937,810	5,062,790
Total				
Assessed	810,566,220	758,284,500	752,562,040	749,814,320
Actual	2,307,125,867	2,157,681,571	2,141,007,039	2,132,924,304
Assessed Value as a Percentage of Actual Value				
	35.13%	35.14%	35.15%	35.15%
Total Direct Tax Rate				
	\$6.81	\$6.81	\$6.81	\$6.81

Source: Butler County Auditor

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Real Property				
Assessed	\$789,655,500	\$788,116,750	\$799,255,590	\$928,920,100
Actual	2,256,158,571	2,251,762,143	2,283,587,400	2,654,057,429
Public Utility				
Assessed	5,309,340	5,738,750	5,848,920	6,520,190
Actual	5,309,340	5,738,750	5,848,920	6,520,190
Total				
Assessed	794,964,840	793,855,500	805,104,510	935,440,290
Actual	2,261,467,911	2,257,500,893	2,289,436,320	2,660,577,619
Assessed Value as a Percentage of Actual Value	35.15%	35.17%	35.17%	35.16%
Total Direct Tax Rate	\$6.81	\$6.81	\$6.81	\$10.71

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2021</u>	<u>2022</u>
Real Property		
Assessed	\$931,870,700	\$963,823,710
Actual	2,662,487,714	2,753,782,029
Public Utility		
Assessed	10,228,090	8,006,200
Actual	10,228,090	8,006,200
Total		
Assessed	942,098,790	971,829,910
Actual	2,672,715,804	2,761,788,229
Assessed Value as a Percentage of Actual Value	35.25%	35.19%
Total Direct Tax Rate	\$10.71	\$10.71

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	2013	2014	2015	2016
Taxes Levied for the Calendar Year	\$5,409,302	\$5,349,390	\$5,091,799	\$5,060,320
Collected within the Calendar Year of the Levy				
Amount	5,042,759	5,043,851	4,837,997	4,845,600
Percent of Levy	93.22%	94.29%	95.02%	95.76%
Collections in Subsequent Years (1)	231,531	258,114	262,126	221,457
Total Collections to Date				
Amount	5,274,290	5,301,965	5,100,123	5,067,057
Percent of Levy	97.50%	99.11%	100.16%	100.13%

Source: County Auditor

(1) The County does not identify delinquent tax collections by tax year.

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Taxes Levied for the Calendar Year	\$5,046,008	\$5,268,044	\$5,263,202	\$5,337,176
Collected within the Calendar Year of the Levy				
Amount	4,847,791	5,048,100	5,087,861	5,111,567
Percent of Levy	96.07%	95.82%	96.67%	95.77%
Collections in Subsequent Years (1)	245,331	237,315	253,409	199,998
Total Collections to Date				
Amount	5,093,122	5,285,415	5,341,270	5,311,565
Percent of Levy	100.93%	100.33%	101.48%	99.52%

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2021</u>	<u>2022</u>
Taxes Levied for the Calendar Year	\$9,187,665	\$9,242,216
Collected within the Calendar Year of the Levy		
Amount	8,784,460	8,884,567
Percent of Levy	95.61%	96.13%
Collections in Subsequent Years (1)	328,067	327,999
Total Collections to Date		
Amount	9,112,527	9,212,566
Percent of Levy	99.18%	99.68%

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	0.00	0.00	0.00	0.00
Total Direct Rate	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>
Overlapping Rates					
Hamilton City School District	53.61	55.61	54.81	54.81	54.31
Butler County	9.72	9.72	9.72	9.72	9.72

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

(continued)

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	0.00	3.90	3.90	3.90
Total Direct Rate	<u>6.81</u>	<u>6.81</u>	<u>10.71</u>	<u>10.71</u>	<u>10.71</u>
Overlapping Rates					
Hamilton City School District	53.81	53.31	52.81	52.56	52.56
Butler County	9.72	9.72	9.22	7.30	9.72

CITY OF HAMILTON, OHIO

*Principal Property Tax Payers
Current Year and Nine Years Ago*

Tax Payer	Nature of Business	2022	
		Assessed Value	Percentage of Total Assessed Value
Colonial Senior Services	Healthcare	\$7,167,590	0.74%
Saica Pack US	Manufacturing	6,729,810	0.69%
Duke Energy	Utility	5,885,050	0.61%
Hamilton Community Authority	Government	5,279,630	0.54%
Pedcor Investments	Investments	5,257,090	0.54%
Tippmann Realty	Real Estate	4,919,240	0.51%
Bethesda Hospital	Healthcare	4,697,490	0.48%
Shadow Creek Apartments	Real Estate	4,666,710	0.48%
AHP Knollwood Crossing	Real Estate	4,377,180	0.45%
Wish Village Apartments	Real Estate	3,585,800	0.37%
	Sub-Total	52,565,590	5.41%
	All Others	919,264,320	94.59%
	Total	\$971,829,910	100.00%

Tax Payer	Nature of Business	2013	
		Assessed Value	Percentage of Total Assessed Value
Shadow Creek Apartments	Real Estate	\$5,126,050	0.63%
Tippmann Realty Partners	Real Estate	5,075,840	0.63%
Colonial Senior Services	Healthcare	4,437,090	0.55%
AHP-Knollwood Crossing	Real Estate	4,403,310	0.54%
Pedcor Investments 2004	Investments	4,006,940	0.49%
Duke Realty	Real Estate	3,577,710	0.44%
Meijers Stores	Retail	3,272,510	0.40%
Duke Energy	Utility	2,480,730	0.31%
Gold Ring Holdings	Real Estate	2,396,580	0.30%
VCG-Hamilton Crossings	Real Estate	2,380,000	0.29%
	Sub-Total	37,156,760	4.58%
	All Others	773,409,460	95.42%
	Total	\$810,566,220	100.00%

Source: County Auditor

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund (1)	\$17,464,829	\$17,840,205	\$19,347,853	\$20,442,128
Public Safety / Health Income Tax Fund (2)	2,844,699	2,897,290	3,120,623	3,297,119
Hamilton Capital Improvement Fund (3)	2,275,758	2,317,831	2,496,498	2,637,695
Total	<u>\$22,585,286</u>	<u>\$23,055,326</u>	<u>\$24,964,974</u>	<u>\$26,376,942</u>
 Income Tax Rate (4)	 2.00	 2.00	 2.00	 2.00

(continued)

Source: City Records

(1) - Equates to 1.55% of 2.00% total rate, or 77.50% of total

(2) - Equates to 0.25% of 2.00% total rate, or 12.50% of total

(3) - Equates to 0.20% of 2.00% total rate, or 10.00% of total

(4) - Effective Dates of Levy:

Note: Increases in the income tax rate requires voter approval.

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund (1)	\$20,597,611	\$21,195,154	\$22,770,473	\$23,087,295
Public Safety / Health Income Tax Fund (2)	3,322,196	3,416,956	3,672,615	3,726,698
Hamilton Capital Improvement Fund (3)	<u>2,657,757</u>	<u>2,733,479</u>	<u>2,938,092</u>	<u>2,981,359</u>
Total	<u>\$26,577,564</u>	<u>\$27,345,589</u>	<u>\$29,381,180</u>	<u>\$29,795,352</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2021</u>	<u>2022</u>
General Fund (1)	\$24,527,610	\$27,266,310
Public Safety / Health Income Tax Fund (2)	3,956,064	4,394,076
Hamilton Capital Improvement Fund (3)	3,164,855	3,521,829
Total	<u>\$31,648,529</u>	<u>\$35,182,215</u>
Income Tax Rate (4)	2.00	2.00

CITY OF HAMILTON, OHIO

*Principal Income Tax Payers
Current Year and Nine Years Ago*

Employer	Nature of Business	2022 Rank
Butler County Auditor	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
ThyssenKrupp Bilstein of America Inc.	Manufacturing	4
City of Hamilton	Government	5
Matandy Steel Metal Products	Manufacturing	6
Bethesda Hospital Inc.	Healthcare	7
Valeo Climate Control	Manufacturing	8
Alliance Physicians Inc.	Healthcare	9
Vinyl Max LLC	Manufacturing	10

Employer	Nature of Business	2013 Rank
Butler County	Government	1
Hamilton City School District	Education	2
City of Hamilton	Government	3
Kettering Medical Center Network	Healthcare	4
ThyssenKrupp Bilstein of America	Manufacturing	5
Miami University	Education	6
GE Engine Services, Inc.	Manufacturing	7
Alliance Physicians Inc.	Healthcare	8
Valeo Climate Control	Manufacturing	9
Bethesda Hospital Inc.	Healthcare	10

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2013	2014	2015	2016
Governmental Activities (1)				
General Obligation Bonds	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Special Obligation Non-Tax Revenue Bonds	0	0	0	0
Income Tax Revenue Bonds	0	0	0	0
Installment Loans	9,500,000	9,500,000	10,115,037	9,432,035
Special Assessment Bonds	1,060,000	920,000	770,000	625,000
OWDA Loans	0	0	0	1,592,766
Leases	0	0	0	0
Long Term Notes	0	0	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$23,655,911	\$22,574,819	\$28,817,338	\$28,116,322
OWDA Loans	383,412	366,201	339,322	334,401
OPWC Loans	0	0	0	3,869,759
General Obligation Bonds	0	0	0	0
Gas Bonds	7,268,857	5,895,337	4,467,672	4,221,385
Enterprise Notes	10,690,000	10,690,000	103,695,000	0
Installment Loans	0	0	0	0
Electric Revenue Bonds	146,129,261	137,642,002	30,924,820	30,111,546
Wastewater Bonds	56,274,683	54,084,065	51,824,871	49,533,503
Total Primary Government	\$280,663,474	\$264,931,114	\$251,716,760	\$146,055,281
Population (2)				
City of Hamilton	62,477	62,258	62,486	62,359
Outstanding Debt Per Capita	\$4,492	\$4,255	\$4,028	\$2,342
Income (3)				
Personal (in thousands) (a)	14,468,982	14,592,475	15,294,831	15,631,343
Percentage of Personal Income	1.94%	1.82%	1.65%	0.93%

Sources:

- (1) City Records
- (2) U.S. Bureau of Census, Population Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County, Total Personal Income is presented for the County.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2017	2018	2019	2020
Governmental Activities (1)				
General Obligation Bonds	\$3,211,639	\$14,057,373	\$13,402,229	\$15,472,141
Special Obligation Non-Tax Revenue Bonds	0	0	0	31,900,000
Income Tax Revenue Bonds	22,789,549	20,915,338	10,265,609	9,508,411
Installment Loans	0	0	24,335,000	23,870,000
Special Assessment Bonds	470,000	305,000	210,000	110,000
OWDA Loans	3,019,894	3,286,599	3,331,707	4,039,070
Leases	0	0	0	0
Long Term Notes	0	0	3,893,340	0
Business-type Activities (1)				
Water Revenue Bonds	\$21,738,885	\$30,014,128	\$31,262,110	\$30,218,664
OWDA Loans	1,243,921	1,868,038	2,194,157	2,099,414
OPWC Loans	4,967,531	7,142,237	8,376,372	10,092,208
General Obligation Bonds	0	555,000	535,000	515,000
Gas Bonds	5,770,000	6,965,000	6,380,000	5,775,000
Enterprise Notes	45,220,000	0	0	0
Installment Loans	0	0	0	0
Electric Revenue Bonds	16,269,523	28,883,975	42,712,319	41,345,459
Wastewater Bonds	21,484,866	45,495,404	42,649,583	40,380,752
Total Primary Government	<u>\$146,185,808</u>	<u>\$159,488,092</u>	<u>\$189,547,426</u>	<u>\$215,326,119</u>
Population (2)				
City of Hamilton	62,127	62,092	62,174	62,182
Outstanding Debt Per Capita	\$2,353	\$2,569	\$3,049	\$3,463
Income (3)				
Personal (in thousands) (a)	15,680,621	16,197,532	16,229,556	18,217,377
Percentage of Personal Income	0.93%	0.98%	1.17%	1.18%

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2021	2022
Governmental Activities (1)		
General Obligation Bonds	\$14,760,281	\$14,203,421
Special Obligation Non-Tax Revenue Bonds	31,900,000	31,820,000
Income Tax Revenue Bonds	8,740,092	7,051,861
Installment Loans	23,390,000	22,990,631
Special Assessment Bonds	30,000	15,000
OWDA Loans	5,394,586	5,830,307
Leases	0	306,303
Long Term Notes	0	0
Business-type Activities (1)		
Water Revenue Bonds	\$29,175,218	\$28,101,772
OWDA Loans	2,123,373	2,016,234
OPWC Loans	12,123,933	12,604,386
General Obligation Bonds	495,000	470,000
Gas Bonds	5,155,000	4,520,000
Enterprise Notes	0	0
Installment Loans	0	252,889
Electric Revenue Bonds	39,948,599	38,506,739
Wastewater Bonds	38,081,921	35,723,911
Total Primary Government	\$211,318,003	\$204,413,454
Population (2)		
City of Hamilton	63,399	63,127
Outstanding Debt Per Capita	\$3,333	\$3,238
Income (3)		
Personal (in thousands) (a)	18,371,762	20,525,528
Percentage of Personal Income	1.15%	1.00%

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2013	2014	2015	2016
Population (1)	62,477	62,258	62,486	62,359
Actual Value (in thousands) (2)	\$2,307,126	\$2,157,682	\$2,141,007	\$2,132,924
General Bonded Debt (3)				
General Obligation Bonds	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Total General Bonded Debt	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$25,701,350	\$23,258,690	\$20,762,700	\$18,218,564
Ratio of Net Bonded Debt to Estimated Actual Value	1.11%	1.08%	0.97%	0.85%
Net Bonded Debt per Capita	\$411.37	\$373.59	\$332.28	\$292.16

Source:

- (1) U.S. Bureau of Census of Population
- (2) Butler County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2017	2018	2019	2020
Population (1)	62,127	62,092	62,174	62,182
Actual Value (in thousands) (2)	\$2,261,468	\$2,257,501	\$2,289,436	\$2,660,578
General Bonded Debt (3)				
General Obligation Bonds	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Total General Bonded Debt	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$3,211,639	\$14,612,373	\$13,937,229	\$15,987,141
Ratio of Net Bonded Debt to Estimated Actual Value	0.14%	0.65%	0.61%	0.60%
Net Bonded Debt per Capita	\$51.69	\$235.33	\$224.16	\$257.10

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2021	2022
Population (1)	63,399	63,127
Actual Value (in thousands) (2)	\$2,672,716	\$2,761,788
General Bonded Debt (3)		
General Obligation Bonds	\$15,255,281	\$14,673,421
Total General Bonded Debt	\$15,255,281	\$14,673,421
Resources Available to Pay Principal	\$0	\$0
Net General Bonded Debt	\$15,255,281	\$14,673,421
Ratio of Net Bonded Debt to Estimated Actual Value	0.57%	0.53%
Net Bonded Debt per Capita	\$240.62	\$232.44

CITY OF HAMILTON, OHIO

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2022*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Hamilton (1)	Amount Applicable to the City of Hamilton
Direct:			
City of Hamilton	\$82,217,523	100.00%	\$82,217,523
Overlapping:			
Butler County	20,290,270	9.73%	1,974,243
Hamilton City School District	45,510,000	96.85%	44,076,435
Talawanda City School District	21,800,000	3.23%	704,140
Ross Local School District	8,705,000	0.40%	34,820
		Subtotal	<u>46,789,638</u>
		Total	<u><u>\$129,007,161</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Ohio Auditor of State

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$810,566,220	\$758,284,500	\$752,562,040	\$749,814,320
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	85,109,453	79,619,873	79,019,014	78,730,504
City Debt Outstanding (2)	23,875,438	21,739,256	19,720,000	17,340,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>23,875,438</u>	<u>21,739,256</u>	<u>19,720,000</u>	<u>17,340,000</u>
Overall Legal Debt Margin	<u>\$61,234,015</u>	<u>\$57,880,617</u>	<u>\$59,299,014</u>	<u>\$61,390,504</u>
Debt Margin as a Percentage of Debt Limit	71.95%	72.70%	75.04%	77.98%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$810,566,220	\$758,284,500	\$752,562,040	\$749,814,320
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	44,581,142	41,705,648	41,390,912	41,239,788
City Debt Outstanding (2)	23,875,438	21,739,256	19,720,000	17,340,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>23,875,438</u>	<u>21,739,256</u>	<u>19,720,000</u>	<u>17,340,000</u>
Overall Legal Debt Margin	<u>\$20,705,704</u>	<u>\$19,966,392</u>	<u>\$21,670,912</u>	<u>\$23,899,788</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only. Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Total Debt</u>			
Net Assessed Valuation	\$794,964,840	\$793,855,500	\$805,104,510
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	83,471,308	83,354,828	84,535,974
City Debt Outstanding (2)	3,185,000	14,090,000	13,440,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>3,185,000</u>	<u>14,090,000</u>	<u>13,440,000</u>
Overall Legal Debt Margin	<u>\$80,286,308</u>	<u>\$69,264,828</u>	<u>\$71,095,974</u>
Debt Margin as a Percentage of Debt Limit	96.18%	83.10%	84.10%
<u>Unvoted Debt</u>			
Net Assessed Valuation	\$794,964,840	\$793,855,500	\$805,104,510
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	43,723,066	43,662,053	44,280,748
City Debt Outstanding (2)	3,185,000	14,090,000	13,440,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>3,185,000</u>	<u>14,090,000</u>	<u>13,440,000</u>
Overall Legal Debt Margin	<u>\$40,538,066</u>	<u>\$29,572,053</u>	<u>\$30,840,748</u>

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	2020	2021	2022
<u>Total Debt</u>			
Net Assessed Valuation	\$935,440,290	\$942,098,790	\$971,829,910
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	98,221,230	98,920,373	102,042,141
City Debt Outstanding (2)	15,165,000	14,480,000	13,950,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>15,165,000</u>	<u>14,480,000</u>	<u>13,950,000</u>
Overall Legal Debt Margin	<u>\$83,056,230</u>	<u>\$84,440,373</u>	<u>\$88,092,141</u>
Debt Margin as a Percentage of Debt Limit	84.56%	85.36%	86.33%
<u>Unvoted Debt</u>			
Net Assessed Valuation	\$935,440,290	\$942,098,790	\$971,829,910
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	51,449,216	51,815,433	53,450,645
City Debt Outstanding (2)	15,165,000	14,480,000	13,950,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	<u>15,165,000</u>	<u>14,480,000</u>	<u>13,950,000</u>
Overall Legal Debt Margin	<u>\$36,284,216</u>	<u>\$37,335,433</u>	<u>\$39,500,645</u>

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2013	2014	2015	2016
Water System Revenue Bonds				
Gross Revenues (1)	\$14,656,915	\$14,965,626	\$12,602,429	\$13,130,285
Direct Operating Expenses (2)	10,505,666	9,477,829	9,364,217	10,137,417
Net Revenue Available for Debt Service	4,151,249	5,487,797	3,238,212	2,992,868
Annual Debt Service Requirement	2,320,492	2,314,717	2,316,840	2,064,721
Coverage (3)	1.79	2.37	1.40	1.45
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$14,684,679	\$12,375,483	\$11,950,092	\$12,470,466
Direct Operating Expenses (2)	7,068,795	6,582,215	6,816,788	7,155,147
Net Revenue Available for Debt Service	7,615,884	5,793,268	5,133,304	5,315,319
Annual Debt Service Requirement	4,901,071	4,852,095	4,844,370	4,846,320
Coverage (3)	1.55	1.19	1.06	1.10
Gas System Revenue Bonds				
Gross Revenues (1)	\$24,746,065	\$29,488,952	\$22,013,427	\$19,117,737
Direct Operating Expenses (2)	22,596,575	28,900,507	19,446,910	17,472,300
Net Revenue Available for Debt Service	2,149,490	588,445	2,566,517	1,645,437
Annual Debt Service Requirement	1,669,237	1,669,738	1,670,375	432,925
Coverage (3)	1.29	0.35	1.54	3.80
Electric System Revenue Bonds				
Gross Revenues (1)	\$60,360,176	\$62,073,277	\$64,722,757	\$66,451,995
Direct Operating Expenses (2)	42,282,539	48,620,592	46,586,253	62,051,190
Net Revenue Available for Debt Service	18,077,637	13,452,685	18,136,504	4,400,805
Annual Debt Service Requirement	14,837,797	15,373,471	15,301,211	2,470,584
Coverage (3)	1.22	0.88	1.19	1.78
Special Assessment Bonds				
Special Assessment Collections	\$499,689	\$484,900	\$417,716	\$342,130
Debt Service				
Principal	135,000	140,000	150,000	145,000
Interest	65,498	58,523	51,078	43,020
Coverage	2.49	2.44	2.08	1.82

- (1) Gross revenues include operating revenues plus interest income.
(2) Direct operating expenses include operating expenses less depreciation.
(3) Coverage ratios based on GAAP basis figures. Under the terms of the revenue bond indentures, coverage ratios are calculated using Non-GAAP basis figures.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2017	2018	2019	2020
Water System Revenue Bonds				
Gross Revenues (1)	\$13,483,093	\$14,070,659	\$14,877,288	\$14,583,444
Direct Operating Expenses (2)	11,317,676	10,307,917	11,962,646	12,196,520
Net Revenue Available for Debt Service	2,165,417	3,762,742	2,914,642	2,386,924
Annual Debt Service Requirement	2,064,373	1,964,902	2,202,199	2,046,015
Coverage (3)	1.05	1.91	1.32	1.17
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$12,541,901	\$12,966,268	\$13,698,367	\$13,390,424
Direct Operating Expenses (2)	8,054,016	7,950,546	8,824,466	9,376,304
Net Revenue Available for Debt Service	4,487,885	5,015,722	4,873,901	4,014,120
Annual Debt Service Requirement	3,991,788	3,334,502	3,853,762	3,448,133
Coverage (3)	1.12	1.50	1.26	1.16
Gas System Revenue Bonds				
Gross Revenues (1)	\$18,531,047	\$21,879,539	\$21,304,490	\$17,982,935
Direct Operating Expenses (2)	17,472,987	20,149,213	18,711,023	16,729,845
Net Revenue Available for Debt Service	1,058,060	1,730,326	2,593,467	1,253,090
Annual Debt Service Requirement	184,071	653,671	773,133	773,414
Coverage (3)	5.75	2.65	3.35	1.62
Electric System Revenue Bonds				
Gross Revenues (1)	\$71,035,797	\$80,569,387	\$82,553,789	\$81,042,173
Direct Operating Expenses (2)	75,464,636	75,820,874	74,502,740	75,849,959
Net Revenue Available for Debt Service	(4,428,839)	4,748,513	8,051,049	5,192,214
Annual Debt Service Requirement	2,482,759	2,549,893	2,457,340	2,592,672
Coverage (3)	(1.78)	1.86	3.28	2.00
Special Assessment Bonds				
Special Assessment Collections	\$345,325	\$234,082	\$326,617	\$308,315
Debt Service				
Principal	155,000	165,000	95,000	100,000
Interest	35,153	22,975	17,750	12,175
Coverage	1.82	1.25	2.90	2.75

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2021	2022
Water System Revenue Bonds		
Gross Revenues (1)	\$14,251,861	\$14,839,991
Direct Operating Expenses (2)	9,077,783	10,852,376
Net Revenue Available for Debt Service	5,174,078	3,987,615
Annual Debt Service Requirement	2,053,313	2,052,688
Coverage (3)	2.52	1.94
Wastewater System Revenue Bonds		
Gross Revenues (1)	\$12,901,120	\$12,736,543
Direct Operating Expenses (2)	6,262,619	7,904,401
Net Revenue Available for Debt Service	6,638,501	4,832,142
Annual Debt Service Requirement	3,453,050	3,446,551
Coverage (3)	1.92	1.40
Gas System Revenue Bonds		
Gross Revenues (1)	\$18,088,032	\$19,168,945
Direct Operating Expenses (2)	15,450,558	17,828,255
Net Revenue Available for Debt Service	2,637,474	1,340,690
Annual Debt Service Requirement	773,981	774,135
Coverage (3)	3.41	1.73
Electric System Revenue Bonds		
Gross Revenues (1)	\$85,337,028	\$85,755,058
Direct Operating Expenses (2)	62,587,101	69,989,852
Net Revenue Available for Debt Service	22,749,927	15,765,206
Annual Debt Service Requirement	2,769,300	2,755,300
Coverage (3)	8.22	5.72
Special Assessment Bonds		
Special Assessment Collections	\$391,494	\$336,645
Debt Service		
Principal	80,000	15,000
Interest	6,300	1,575
Coverage	4.54	20.31

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2013	2014	2015	2016
Population (1)				
City of Hamilton	62,477	62,258	62,486	62,359
Butler County	368,130	371,272	374,158	372,538
Income (2) (a)				
Total Personal (in thousands)	14,468,982	14,592,475	15,294,831	15,631,343
Per Capita	39,304	39,304	40,878	41,534
Unemployment Rate (3)				
Federal	7.4%	6.2%	5.3%	4.9%
State	7.4%	5.6%	4.6%	4.7%
Butler County	6.9%	4.9%	4.2%	4.1%
Civilian Work Force Estimates (3)				
State	5,766,000	5,737,000	5,703,400	5,673,900
Butler County	190,500	191,100	186,900	187,900

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County. Total Personal Income is presented for the County. US Department of Commerce, Bureau of Economic Analysis information is only available through 2021, for the presentation of 2021 and 2022 statistics, the City is using the latest information available.
- (3) State Department of Labor Statistics

(continued)

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2017	2018	2019	2020
Population (1)				
City of Hamilton	62,127	62,092	62,174	62,182
Butler County	380,604	382,378	383,134	384,268
Income (2) (a)				
Total Personal (in thousands)	15,680,621	16,197,532	16,229,556	18,217,377
Per Capita	42,620	42,360	42,360	47,408
Unemployment Rate (3)				
Federal	4.4%	3.8%	3.5%	6.0%
State	5.0%	4.5%	4.1%	5.6%
Butler County	4.4%	3.7%	3.3%	4.9%
Civilian Work Force Estimates (3)				
State	5,849,603	5,416,810	5,574,900	5,706,400
Butler County	190,208	153,227	188,200	192,400

(continued)

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2021	2022
Population (1)		
City of Hamilton	63,399	63,127
Butler County	390,357	390,234
Income (2) (a)		
Total Personal (in thousands)	18,371,762	20,525,528
Per Capita	47,064	52,598
Unemployment Rate (3)		
Federal	3.8%	3.5%
State	4.3%	4.1%
Butler County	4.7%	3.1%
Civilian Work Force Estimates (3)		
State	5,743,600	5,738,700
Butler County	141,966	199,200

CITY OF HAMILTON, OHIO

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2022	
		Number of Employees	Rank
Butler County	Government	1,500	1
Hamilton City School District	Education	1,227	2
Fort Hamilton Hospital	Health Care	945	3
Community First Solutions (HQ)	Health Care	650	4
City of Hamilton	Government	620	5
ThyssenKrupp Bilstein of America (HQ)	Manufacturing	600	6
Miami University - Hamilton	Education	400	7
Vinylmax	Manufacturing	300	8
Bethesda Butler Hospital (TriHealth)	Health Care	245	9
Valeo Climate Control	Manufacturing	235	10
Total		<u>6,722</u>	
Total Employment within the City (1)		<u>N/A</u>	

Employer	Nature of Business	2013	
		Number of Employees	Rank
Butler County	Government	1,750	1
Hamilton City School District	Education	1,095	2
Fort Hamilton Hospital	Health Care	1,020	3
City of Hamilton	Government	680	4
Community First	Health Care	650	5
Miami University - Hamilton	Education	370	6
ThyssenKrupp Bilstein of America	Manufacturing	350	7
Meijer	Retail	325	8
The Kroger Company	Retail	250	9
First Financial Bank	Financial	230	10
Total		<u>6,720</u>	
Total Employment within the City (1)		<u>N/A</u>	

(1) - Total employment within the City is not available.

Source: City Records

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	2013	2014	2015	2016	2017
Governmental Activities					
General Government					
City Administration	23.00	23.75	16.50	19.00	19.00
Engineering	6.00	7.00	4.00	5.00	5.00
Municipal Court	30.75	27.50	27.00	27.50	28.50
Information Technology	6.00	6.00	5.00	14.00	14.00
Finance	34.50	33.25	29.00	28.50	24.75
Security of Persons and Property					
Police	121.75	118.00	121.25	124.00	136.00
Fire	95.00	97.00	96.25	98.50	107.00
Public Health and Welfare Services					
Health	11.50	13.25	15.50	15.75	14.75
Leisure Time Activities					
Parks and Recreation	17.50	17.75	15.00	14.50	14.50
Community Environment					
Planning and Zoning	15.00	15.00	16.50	16.75	13.75
Transportation					
Street	60.00	60.00	56.25	57.25	53.00
Business-Type Activities					
Utilities					
Gas	30.00	28.00	26.00	27.00	22.75
Electric	105.00	111.50	96.75	103.00	99.00
Water	30.00	25.00	30.25	31.75	36.00
Wastewater	16.00	14.00	26.00	25.75	25.50
Utility Customer Service	25.00	17.00	19.00	18.00	16.00
<i>Total Employees</i>	<u>627.00</u>	<u>614.00</u>	<u>600.25</u>	<u>626.25</u>	<u>629.50</u>

Method: 1.00 for each full-time, 0.50 for each part-time and
0.25 for each seasonal employee

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	2018	2019	2020	2021	2022
Governmental Activities					
General Government					
City Administration	19.50	23.00	23.54	24.54	26.54
Engineering	5.00	5.00	5.00	5.00	5.00
Municipal Court	28.00	29.50	31.00	30.00	29.50
Information Technology	14.25	12.25	10.25	9.25	10.25
Finance	22.25	18.00	15.25	15.25	14.25
Security of Persons and Property					
Police	133.00	136.00	133.33	132.33	134.83
Fire	105.00	105.00	102.83	103.33	107.33
Public Health and Welfare Services					
Health	13.00	12.00	10.30	8.05	6.25
Leisure Time Activities					
Parks and Recreation	13.00	11.75	14.40	14.90	19.50
Community Environment					
Planning and Zoning	13.50	8.50	7.90	8.40	9.40
Transportation					
Street	56.00	66.75	57.20	54.70	59.30
Business-Type Activities					
Utilities					
Gas	26.50	27.50	27.00	26.05	27.75
Electric	102.50	100.25	96.40	91.15	93.85
Water	35.00	38.50	38.98	37.73	39.53
Wastewater	24.00	31.00	29.12	27.82	32.22
Utility Customer Service	17.00	16.00	15.00	17.00	18.00
<i>Total Employees</i>	<u>627.50</u>	<u>641.00</u>	<u>617.50</u>	<u>605.50</u>	<u>633.50</u>

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2013	2014	2015	2016
Governmental Activities				
General Government				
Licenses and Permits				
Building Permits Issued - Residential	299	354	318	400
Building Permits Issued - Commercial	340	282	325	368
Security of Persons and Property				
Police				
Misdemeanor Arrests	3,159	6,237	6,025	5,488
Felony Arrests	1,519	773	637	754
Traffic Citations Issued	4,315	4,253	4,698	5,058
Parking Tickets Written	2,710	2,437	2,107	2,195
Fire / Emergency Medical Services				
Number of Calls Answered	11,657	12,157	12,724	12,967
Number of Inspections	295	520	980	96
Number of Emergency Medical Calls	9,239	9,700	10,208	10,337
Transportation				
Street				
Street Resurfacing (Center Line miles)	3.49	1.82	3.56	1.12
Parking				
Parking Levels	5.00	5.00	5.00	5.00
Parking Spaces	550	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A	N/A
Parking / Meters - On Street and Lots	753	656	524	524
Public Works				
Refuse Collection				
Refuse Collected (tons)	23,227	23,232	23,190	23,282
Recyclables Collected (tons)	2,728	2,697	2,644	2,660
Leisure Time Activities				
Parks and Recreation				
Athletic Field Permits Issued*	75	132	N/A	N/A
Public Health and Welfare Services				
Health Care				
Number of Patient Beds	274	209	296	320

*Beginning in 2015, athletic field permits are issued by the Hamilton Parks Conservancy.

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2017	2018	2019
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	349	385	479
Building Permits Issued - Commercial	411	346	162
Security of Persons and Property			
Police			
Misdemeanor Arrests	6,462	6,546	6,613
Felony Arrests	892	791	777
Traffic Citations Issued	4,934	4,952	4,838
Parking Tickets Written	900	1,161	4,310
Fire / Emergency Medical Services			
Number of Calls Answered	14,482	14,254	14,412
Number of Inspections	478	565	1,220
Number of Emergency Medical Calls	13,002	12,161	12,693
Transportation			
Street			
Street Resurfacing (Center Line miles)	3.54	2.83	4.32
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A
Parking / Meters - On Street and Lots	445	538	538
Public Works			
Refuse Collection			
Refuse Collected (tons)	23,907	24,278	24,822
Recyclables Collected (tons)	2,645	2,536	2,296
Leisure Time Activities			
Parks and Recreation			
Athletic Field Permits Issued*	N/A	N/A	N/A
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	358	257	241

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2020	2021	2022
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	528	528	515
Building Permits Issued - Commercial	233	302	300
Security of Persons and Property			
Police			
Misdemeanor Arrests	5,992	3,692	3,177
Felony Arrests	982	591	557
Traffic Citations Issued	3,450	3,433	3,715
Parking Tickets Written	2,633	3,798	4,042
Fire / Emergency Medical Services			
Number of Calls Answered	13,744	14,468	14,400
Number of Inspections	497	686	850
Number of Emergency Medical Calls	11,825	11,260	12,000
Transportation			
Street			
Street Resurfacing (Center Line miles)	4.61	2.19	6.30
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A
Parking / Meters - On Street and Lots	400	486	444
Public Works			
Refuse Collection			
Refuse Collected (tons)	27,221	27,706	26,499
Recyclables Collected (tons)	2,587	2,520	2,340
Leisure Time Activities			
Parks and Recreation			
Athletic Field Permits Issued*	N/A	N/A	N/A
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	268	182	190

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2013	2014	2015	2016
Business-Type Activities				
Gas				
Average Daily Consumption (100 cubic feet)	9,969	10,243	6,794	6,505
Peak Daily Consumption (100 cubic feet)	27,136	33,759	32,152	25,089
Electric				
Peak Demand (MW)	140	133	143	145
Energy Requirement (MWh)	619,273	613,779	614,023	604,727
Total System Sales (MWh)	566,426	594,699	561,624	571,211
Total Residential Customers	26,099	26,127	26,347	26,379
Total Commercial Customers	2,922	2,915	2,908	2,895
Water				
New Service Connections	25	23	23	30
Water Main Breaks	117	83	83	72
Average Daily Consumption (thousands of gallons)	15,458	14,490	14,490	15,222
Peak Daily Consumption (thousands of gallons)	20,323	18,204	18,204	22,215
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	8.4	8.9	8.9	8.5

Source: City Records

N/A = Information Not Available

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2017	2018	2019
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	6,861	7,549	7,349
Peak Daily Consumption (100 cubic feet)	26,769	28,170	32,496
Electric			
Peak Demand (MW)	135	132	124
Energy Requirement (MWh)	585,366	610,054	599,026
Total System Sales (MWh)	552,949	583,686	565,567
Total Residential Customers	26,783	26,400	26,528
Total Commercial Customers	2,886	2,887	2,908
Water			
New Service Connections	84	76	124
Water Main Breaks	42	73	43
Average Daily Consumption (thousands of gallons)	14,766	11,792	16,452
Peak Daily Consumption (thousands of gallons)	19,491	22,331	21,386
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	9.0	10.8	10.4

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2020	2021	2022
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	6,709	7,221	7,393
Peak Daily Consumption (100 cubic feet)	23,495	23,770	32,139
Electric			
Peak Demand (MW)	132	136	135
Energy Requirement (MWh)	573,848	594,261	629,796
Total System Sales (MWh)	547,178	562,007	590,473
Total Residential Customers	26,583	26,654	26,707
Total Commercial Customers	2,908	2,928	2,894
Water			
New Service Connections	83	77	90
Water Main Breaks	38	76	68
Average Daily Consumption (thousands of gallons)	15,560	15,034	15,548
Peak Daily Consumption (thousands of gallons)	24,823	19,477	19,803
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	9.2	7.7	9.7

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2013	2014	2015	2016
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	40	40	40	49
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	7,028	7,029	9,043	9,043
Traffic Signals	96	95	95	95
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	54	54	54	36
Park Area (acres)	1,308	1,308	1,308	1,308
Playgrounds	24	24	24	24
Ball Fields				
Lighted	9	9	9	10
Unlighted	34	34	34	34
Tennis Courts				
Lighted	2	2	2	1
Unlighted	6	6	6	3
Swimming Pools	1	1	1	1
Splash Pads		3	3	5
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2017	2018	2019	2020
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	60	60	60	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	9,050	9,051	9,051	9,051
Traffic Signals	92	94	94	97
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	44	47	47	46
Park Area (acres)	1,315	1,261	1,261	1,261
Playgrounds	23	26	26	26
Ball Fields				
Lighted	9	9	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	1	1	1	1
Unlighted	5	5	5	6
Swimming Pools	1	1	1	1
Splash Pads	8	8	8	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	2021	2022
Governmental Activities		
General Government		
Public Land and Buildings		
Land (Square Miles)	21.68	21.68
Security of Persons and Property		
Police		
Stations	1	1
Patrol Cruisers	60	60
Fire / Emergency Medical Services		
Stations	5	5
Transportation		
Street		
Streets (lane miles)	254.21	254.21
Street Lights	9,603	9,413
Traffic Signals	97	100
Parking		
Off street Parking Garages	1	1
Leisure Time Activities		
Parks and Recreation		
Parks	46	46
Park Area (acres)	1,261	1,261
Playgrounds	26	26
Ball Fields		
Lighted	9	9
Unlighted	34	34
Tennis Courts		
Lighted	1	1
Unlighted	6	6
Swimming Pools	1	1
Splash Pads	8	8
Golf Courses	2	2
Skateboard Park	1	1
Community Environment		
Libraries	1	1
Public Health and Welfare		
Hospitals	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2013	2014	2015	2016
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	345.0	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2017	2018	2019	2020
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	<u>2021</u>	<u>2022</u>
Business-Type Activities		
Utilities		
Water		
Purification Plants	2	2
Maximum Capacity (millions of gallons)	46	46
Waterlines (Miles)	340.1	340.1
Wastewater		
Treatment Plants	1	1
Maximum Capacity (millions of gallons)	32	32
Sanitary Sewerlines (Miles)	253.0	253.0
Storm Drains (Miles)	188.2	188.2





CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – GAS SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Gas System, an enterprise fund of the City of Hamilton, Ohio (the Gas System), as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gas System as of December 31, 2022 and 2021, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gas System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Gas System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Gas System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2022 and 2021. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2022 and 2021 are as follows:

- ❑ The assets and deferred outflow of resources of the Hamilton Gas System exceeded its liabilities and deferred inflows of resources at the close of 2022 and 2021 by \$30,876,037 and \$31,748,977 (net position), respectively. Of these amounts, \$1,749,180 and \$1,598,256 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position decreased by \$872,940 between 2022 and 2021, representing 2.7% decrease.
- ❑ In 2022, the Gas System's total long-term debt decreased during 2022 by \$635,000 to \$4,520,000 due to making annual debt service payments.

Gas System Summary

The City has owned and operated a natural gas utility system since 1890. It is currently the largest municipal gas distribution operation in Ohio and serves approximately 23,500 customers located in the City and the immediate environs through approximately 282 miles of pipe. The City purchases natural gas from a supplier, then resells the gas to residential and general service (commercial and industrial) customers. The City also provides distribution delivery service to customers who have contracted with either the City or a natural gas supplier.

The Gas System provides full service (acquisition of gas supply, transportation of the gas supply to the City's interconnections and distribution of gas supply from the City's interconnections to the customer meter) and distribution delivery service (distribution delivery of the gas arranged for by, or on behalf of, the customer from the City's interconnections to the customer's meter.) Currently, the Gas System provides full service to residential and general service customers.

There are no franchise service territories for natural gas utilities in Ohio and the City is not prohibited from providing gas service in areas outside its corporate limits. Under the Ohio Constitution, however, the City's gas utility sales outside the corporate limits may not exceed 50% of the total service supplied within the City's corporate limits. Currently, less than 1% of the City's total gas sales are to customers located outside the City's corporate limits.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The City was a participant, with other AMP communities in the AMP Fremont Energy Center (AFEC) in 2022. The City was entitled to 11.55 MW of capacity from AFEC. Additionally, the City began utilizing its buying power through the Muni-Gas Program, in 2013, to serve as a gas supply intermediary for the City's allocation of gas at AFEC. The City passed along 50% of the savings from the Muni-Gas Discount to AFEC and retained the other 50% for Hamilton Gas System. In 2022, the Gas System sold 492,875 Dths to AFEC, via The Energy Authority, totaling \$2.4 million, or approximately \$4.92/Dth. These sales to AFEC netted approximately \$73,900 for the Gas System. As of February 1, 2023, the City is no longer a participant in the AFEC project.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Gas System for the years ended December 31, 2022 and 2021.

Reporting Hamilton's Gas System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Gas System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Gas System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2022 and 2021. The City of Hamilton's Gas System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Gas Fund are restricted to Gas System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Gas Fund and asks the question, "How did we do financially during 2022 and 2021?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in the net positions. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Gas System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Gas System charges fees to recoup the cost of the entire operation of the Gas System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Gas Fund, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$30,876,037 and \$31,748,977 as of December 31, 2022 and 2021, respectively. By far the largest portion of the net position of the Gas System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The ratios of net investment in capital assets to total net position are as follows: 88% for 2022, 89% for 2021, and 90% for 2020. The System employs these assets in the delivery of natural gas to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and the resources needed to repay these debts must be provided from other sources, primarily the revenues of the System, since the capital assets themselves cannot be used to liquidate the liabilities.

Table 1 provides a summary of the Gas System's Statement of Net Position for the Years Ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Current and other assets	\$ 9,238,475	\$ 10,062,368	\$ 11,036,136
Capital assets	31,503,079	32,320,617	33,104,915
Total assets	<u>40,741,554</u>	<u>42,382,985</u>	<u>44,141,051</u>
Deferred outflows of resources	682,333	587,644	885,844
Long-term liabilities:			
Net pension liability	1,144,212	1,805,251	2,344,239
OPEB liabilities	250,551	336,373	1,991,804
Other long-term amounts	3,985,226	4,640,988	5,292,121
Other liabilities	3,284,870	2,980,154	3,202,625
Total liabilities	<u>8,664,859</u>	<u>9,762,766</u>	<u>12,830,789</u>
Deferred inflows of resources	1,882,991	1,458,886	738,371
Net investment in capital assets	27,126,857	28,150,721	28,464,765
Restricted	2,000,000	2,000,000	2,000,000
Unrestricted	1,749,180	1,598,256	992,970
Total net position	<u>\$ 30,876,037</u>	<u>\$ 31,748,977</u>	<u>\$ 31,457,735</u>

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

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

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Gas System's financial statements as a result of the Gas System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Gas System's financial statements reflects OPEB benefits provided by the Gas System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

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

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

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

As of December 31, 2022 and 2021, the Gas System was able to report a positive balances in net position of \$30,876,037 and \$31,748,977, respectively. In 2022, the Gas System reported a decrease in net position of \$872,940, an increase in net position of \$291,242 in 2021, and a decrease of \$1,084,785 in 2020. In 2022, the Gas System reported an operating loss of \$775,055, operating income of \$496,228 in 2021, and an operating loss of \$1,006,258 in 2020. Net operating loss of \$775,055 decreased \$1,271,283 from 2021 to 2022. The decrease in net operating income was primarily a result of changes in net OPEB assets as those expenses increased \$1,069,212 in 2022.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating revenues	\$ 19,230,682	\$ 18,111,405	\$ 17,849,755
Operating expenses:			
Purchased gas	9,985,353	9,024,664	8,205,843
Depreciation	2,177,482	2,164,619	2,126,168
Other operating expenses	7,842,902	6,425,894	8,524,002
Total operating expenses	20,005,737	17,615,177	18,856,013
Operating income (loss)	(775,055)	496,228	(1,006,258)
Non-Operating revenues (expenses)			
Interest and fiscal charges	(165,605)	(180,524)	(195,047)
Loss on disposal of capital assets	(20,543)	(1,089)	(16,660)
Other non-operating expenses	(61,737)	(23,373)	133,180
Total non-operating revenues (expenses)	(247,885)	(204,986)	(78,527)
Transfers	150,000	-	-
Change in net position	(872,940)	291,242	(1,084,785)
Beginning net position	31,748,977	31,457,735	32,542,520
Ending net position	\$ 30,876,037	\$ 31,748,977	\$ 31,457,735

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Gas System as of December 31, 2022, 2021, and 2020 amounted to \$27.1 million, \$28.2 million, and \$28.5 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment. Significant capital activity during the year included gas main and meter replacements.

Note 5 (Capital Assets) provides Gas System capital asset activity during 2022 and 2021.

Debt Administration: At the end of 2022, the Gas System had two outstanding long-term revenue bond issues. The 2017 Gas System Revenue Refunding and Improvement Bonds, which had an outstanding balance of \$3,045,000 as of December 31, 2022, was issued to refund the Series 2009 Revenue bonds and provided \$1,960,000 in new financing for Gas System improvements. The 2018 Gas System Revenue Improvement Bonds of \$1,475,000 were issued in August 2018 to provide funding for the Lindenwald gas main replacement project.

See Note 6 for a discussion of outstanding Gas System bonds and related activity.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Economic Factors and Future Trends

The City's Gas System is continually monitoring the cost of natural gas. Due to high volatility in the cost of natural gas, the City is required by both ordinance and indentures to pass through these gas costs to its customers via the gas cost recovery charge (GCR). The GCR averaged a credit of \$0.06419/Ccf for 2022. In 2017, the City entered a five-year fixed price contract for natural gas to help mitigate the natural gas prices for its customers; this was extended an additional two years in 2020. The overall number of customers has remained relatively steady while, like most gas systems, the usage per residential customer has continued to slowly decline as a result of improved efficiency of appliances.

In September 2011, City Council adopted an ordinance, creating the Natural Gas Residential Service Line Maintenance (RSLM) Program and Rider C for the Gas System. The RSLM and Rider C charges apply only to the City's residential gas accounts. The RSLM and funds collected through Rider C are earmarked for two separate and distinct activities: the replacement of Design A (field-assembled risers), in compliance with a Public Utilities Commission of Ohio (PUCO) Statewide order, and the assumption of the maintenance responsibility of gas service lines to residential customers by the City. The riser replacement portion of the RSLM was scheduled to be a five-year program, with a corresponding five-year collection period through Rider C. Beginning with the rates adopted in December 2017, all riser replacement costs are being collected in the base gas service rates to more accurately reflect the cost of service. Furthermore, the Rider C charge was set to zero at the time of the first step of the two-year plan in 2018.

The City continues to monitor potential threats to supply and the City's Gas System has continued its strong financial performance into 2022. The City maintains an A1 bond rating with a stable outlook for its Gas System and its Gas System Revenue Bonds.

Requests for Information

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

**CITY OF HAMILTON, OHIO – GAS SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,064,039	4,612,764
Accounts receivable (less allowance for uncollectible accounts of \$491,536 and \$624,150, respectively)	3,381,572	2,935,456
Interest receivable	8,363	5,499
Inventory of supplies at cost	197,476	175,937
Prepaid expenses	165,224	110,730
Total current assets	<u>6,816,674</u>	<u>7,840,386</u>
Restricted assets:		
Cash and investments	<u>2,000,000</u>	<u>2,000,000</u>
Noncurrent assets:		
Net OPEB asset	421,801	221,982
Nondepreciable capital assets	2,907,539	4,009,425
Depreciable capital assets, net	<u>28,595,540</u>	<u>28,311,192</u>
Total noncurrent assets	<u>31,924,880</u>	<u>32,542,599</u>
Total assets	<u>40,741,554</u>	<u>42,382,985</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	148,805	178,565
Pension	500,784	244,538
OPEB	<u>32,744</u>	<u>164,541</u>
Total deferred outflows of resources	<u>682,333</u>	<u>587,644</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,606,819	1,285,362
Accrued wages and benefits	122,639	93,905
Intergovernmental payable	37,143	34,796
Accrued interest payable	26,857	30,146
Customer deposits payable	636,542	710,012
Compensated absences payable-current	199,870	190,933
Revenue bonds payable-current	<u>655,000</u>	<u>635,000</u>
Total current liabilities	<u>3,284,870</u>	<u>2,980,154</u>
Noncurrent liabilities:		
Compensated absences payable	120,226	120,988
Revenue bonds payable	3,865,000	4,520,000
Net pension liability	1,144,212	1,805,251
Total OPEB liability	<u>250,551</u>	<u>336,373</u>
Total noncurrent liabilities	<u>5,379,989</u>	<u>6,782,612</u>
Total liabilities	<u>8,664,859</u>	<u>9,762,766</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	1,386,091	779,147
OPEB	<u>496,900</u>	<u>679,739</u>
Total deferred inflows of resources	<u>1,882,991</u>	<u>1,458,886</u>
NET POSITION		
Net investment in capital assets	27,126,857	28,150,721
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	<u>1,749,180</u>	<u>1,598,256</u>
Total net position	<u>\$ 30,876,037</u>	<u>31,748,977</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 19,228,377	18,089,225
Other operating revenues	<u>2,305</u>	<u>22,180</u>
Total operating revenues	<u>19,230,682</u>	<u>18,111,405</u>
Operating expenses:		
Personal services	2,207,940	1,173,005
Materials and supplies	231,746	218,358
Contractual services	1,394,134	1,351,870
Purchased gas	9,985,353	9,024,664
Depreciation	2,177,482	2,164,619
Other operating expenses	<u>4,009,082</u>	<u>3,682,661</u>
Total operating expenses	<u>20,005,737</u>	<u>17,615,177</u>
Operating income (loss)	(775,055)	496,228
Non-operating revenues (expenses):		
Investment earnings	(61,737)	(23,373)
Loss on disposal of capital assets	(20,543)	(1,089)
Interest and fiscal charges	<u>(165,605)</u>	<u>(180,524)</u>
Total non-operating revenues (expenses)	<u>(247,885)</u>	<u>(204,986)</u>
Income (loss) before transfers	(1,022,940)	291,242
Transfers in	<u>150,000</u>	<u>-</u>
Change in net position	(872,940)	291,242
Net position - beginning of year	<u>31,748,977</u>	<u>31,457,735</u>
Net position - end of year	\$ <u>30,876,037</u>	<u>31,748,977</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 18,784,566	18,492,504
Cash paid for employee services and benefits	(2,813,152)	(2,578,623)
Cash paid to suppliers for goods and services	<u>(15,221,526)</u>	<u>(14,647,061)</u>
Net cash from operating activities	<u>749,888</u>	<u>1,266,820</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	<u>150,000</u>	<u>-</u>
Net cash from noncapital financing activities	<u>150,000</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(1,609,878)	(1,310,135)
Debt principal payments	(635,000)	(620,000)
Debt interest payments	<u>(139,134)</u>	<u>(153,981)</u>
Net cash from capital and related financing activities	<u>(2,384,012)</u>	<u>(2,084,116)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(64,601)</u>	<u>(19,522)</u>
Net cash flow from investing activities	<u>(64,601)</u>	<u>(19,522)</u>
Net change in cash and investments	(1,548,725)	(836,818)
Cash and investments at beginning of year	<u>6,612,764</u>	<u>7,449,582</u>
Cash and investments at end of year	\$ <u><u>5,064,039</u></u>	<u><u>6,612,764</u></u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ (775,055)	496,228
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	2,177,482	2,164,619
Change in deferred outflows-pension and OPEB	(124,449)	268,440
Change in deferred inflows-pension and OPEB	424,105	720,515
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	(446,116)	381,099
(Increase) decrease in inventory	(21,539)	(9,255)
(Increase) decrease in prepaid items	(54,494)	(16,763)
Increase (decrease) in customer deposits payable	(73,470)	(43,128)
Increase (decrease) in payables	550,848	(299,247)
Increase (decrease) in accrued liabilities	36,909	17,025
Increase (decrease) in intergovernmental payables	2,347	3,688
(Increase) decrease in net OPEB asset	(199,819)	(221,982)
Increase (decrease) in net pension liability	(661,039)	(538,988)
Increase (decrease) in net OPEB liability	-	(1,665,496)
Increase (decrease) in total OPEB liability	<u>(85,822)</u>	<u>10,065</u>
Net cash from operating activities	\$ <u><u>749,888</u></u>	<u><u>1,266,820</u></u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>15,617</u>	<u>245,008</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – GAS SYSTEM

Notes to Financial Statements Year Ended December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Gas System (Gas System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Gas System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Gas System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Gas System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Gas System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Gas System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Gas System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Compensated Absences – The Gas System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Gas System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Gas System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Gas System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Gas System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Gas System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Gas System totaled \$5,064,039 and \$6,612,764 at December 31, 2022 and 2021, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. Investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2022 and 2021, approximately 93% and 97%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Gas System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Gas System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Gas Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Gas System, are invested primarily in U.S. governmental agency securities with an AA+ credit rating and an average maximum maturity of 1.34 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Earned and unbilled consumer accounts	\$ 2,207,821	1,941,674
Earned and billed consumer accounts	1,662,325	1,611,447
Other	2,962	6,485
Less allowance for uncollectible accounts	<u>(491,536)</u>	<u>(624,150)</u>
Total	\$ <u><u>3,381,572</u></u>	<u><u>2,935,456</u></u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,000,000 and \$2,000,000 at December 31, 2022 and 2021, respectively.

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5. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	3,298,543	93,381	(1,195,267)	2,196,657
Subtotal	<u>4,009,425</u>	<u>93,381</u>	<u>(1,195,267)</u>	<u>2,907,539</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,339,113	19,650	-	1,358,763
Machinery and equipment	82,202,054	2,462,723	(323,821)	84,340,956
Subtotal	<u>83,541,167</u>	<u>2,482,373</u>	<u>(323,821)</u>	<u>85,699,719</u>
Totals at historical cost	<u>87,550,592</u>	<u>2,575,754</u>	<u>(1,519,088)</u>	<u>88,607,258</u>
Less accumulated depreciation:				
Buildings and improvements	1,120,199	78,407	-	1,198,606
Machinery and equipment	54,109,776	2,099,075	(303,278)	55,905,573
Total accumulated depreciation	<u>55,229,975</u>	<u>2,177,482</u>	<u>(303,278)</u>	<u>57,104,179</u>
Capital assets, net	<u>\$ 32,320,617</u>	<u>\$ 398,272</u>	<u>\$ (1,215,810)</u>	<u>\$ 31,503,079</u>
	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	3,097,033	792,270	(590,760)	3,298,543
Subtotal	<u>3,807,915</u>	<u>792,270</u>	<u>(590,760)</u>	<u>4,009,425</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,339,113	-	-	1,339,113
Machinery and equipment	81,055,080	1,179,900	(32,926)	82,202,054
Subtotal	<u>82,394,193</u>	<u>1,179,900</u>	<u>(32,926)</u>	<u>83,541,167</u>
Totals at historical cost	<u>86,202,108</u>	<u>1,972,170</u>	<u>(623,686)</u>	<u>87,550,592</u>
Less accumulated depreciation:				
Buildings and improvements	1,042,202	77,997	-	1,120,199
Machinery and equipment	52,054,991	2,086,622	(31,837)	54,109,776
Total accumulated depreciation	<u>53,097,193</u>	<u>2,164,619</u>	<u>(31,837)</u>	<u>55,229,975</u>
Capital assets, net	<u>\$ 33,104,915</u>	<u>\$ (192,449)</u>	<u>\$ (591,849)</u>	<u>\$ 32,320,617</u>

6. LONG TERM DEBT

In August 2017, the Gas System defeased \$4,250,000 of Gas System Revenue Bonds through the issuance of \$5,840,000 of Revenue Refunding Bonds. A portion of the net proceeds of the 2017 Bonds were used to make current payments on the old bonds and the remaining proceeds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds.

In August 2018, the Gas System issued \$1,720,000 in Series 2018 Gas System Improvement Bonds to provide funding for Gas System distribution improvements. The bonds fully mature on October 15, 2038 and bear interest of 3.8 percent per annum.

Activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
2017 Refunding Bonds	\$ 3,615,000	\$ -	\$ (570,000)	\$ 3,045,000	\$ 585,000
2018 Revenue Bonds	1,540,000	-	(65,000)	1,475,000	70,000
Compensated absences	<u>311,921</u>	<u>199,108</u>	<u>(190,933)</u>	<u>320,096</u>	<u>199,870</u>
	<u>\$ 5,466,921</u>	<u>\$ 199,108</u>	<u>\$ (825,933)</u>	<u>\$ 4,840,096</u>	<u>\$ 854,870</u>

Activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
2017 Refunding Bonds	\$ 4,170,000	\$ -	\$ (555,000)	\$ 3,615,000	\$ 570,000
2018 Revenue Bonds	1,605,000	-	(65,000)	1,540,000	65,000
Compensated absences	<u>325,620</u>	<u>174,800</u>	<u>(188,499)</u>	<u>311,921</u>	<u>190,933</u>
	<u>6,100,620</u>	<u>174,800</u>	<u>(808,499)</u>	<u>5,466,921</u>	<u>825,933</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

Annual debt service requirements to maturity for the refunding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 655,000	\$ 123,954	\$ 778,954
2024	665,000	108,248	773,248
2025	685,000	92,320	777,320
2026	695,000	75,867	770,867
2027	715,000	59,191	774,191
2028-2032	450,000	176,890	626,890
2033-2037	535,000	85,120	620,120
2038	<u>120,000</u>	<u>4,560</u>	<u>124,560</u>
Total	<u>\$ 4,520,000</u>	<u>\$ 726,150</u>	<u>\$ 5,246,150</u>

7. DEFINED BENEFIT PENSION PLANS

The Gas System contributes to the Ohio Public Employees Retirement.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2022 and 2021:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System's contractually required contributions were \$268,630 and \$244,538 for 2022 and 2021, respectively. Of these amounts, \$11,418 was reported as an intergovernmental payable in 2022 and \$10,732 in 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Gas System's proportion of the net pension liability was based on the Gas System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net Pension Liability	\$ 1,144,212	\$ 1,805,251
Proportion of the Net Pension Liability	0.0131513%	0.0121920%
Change in Proportion	0.0009593%	0.0003310%
Pension Expense	\$ (178,291)	\$ 39,541

At December 31, 2022 and 2021, the Gas System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Gas System change in proportionate share	\$ 30,742	\$ -
Changes in assumptions	143,082	-
Differences between expected and actual experience	58,330	-
Gas System contributions subsequent to the measurement date	<u>268,630</u>	<u>244,538</u>
Total Deferred Outflows of Resources	<u>\$ 500,784</u>	<u>\$ 244,538</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,360,997	\$ 703,633
Differences between expected and actual experience	<u>25,094</u>	<u>75,514</u>
Total Deferred Inflows of Resources	<u>\$ 1,386,091</u>	<u>\$ 779,147</u>

\$268,630 reported as deferred outflows of resources related to pension resulting from the Gas System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2023	\$ (158,085)
2024	(459,325)
2025	(320,025)
2026	<u>(216,502)</u>
Total	<u>\$ (1,153,937)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2020</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Gas System's proportionate share of the net pension liability (asset)	\$ 3,016,906	\$ 1,144,212	\$ (414,021)

8. DEFINED BENEFIT OPEB PLANS

The Gas System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

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

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent from January 1 to June 30 and 2 percent from July 1 to December 31 during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System’s contractually required contributions were \$0 for 2022 and 2021.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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. The Gas System’s proportion of the net OPEB liability/(asset) was based on the Gas System’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (421,801)	\$ (221,982)
Proportion of the Net OPEB Liability/(Asset)	0.0134668%	0.0124598%
Change in Proportion	0.0010070%	0.0004020%
OPEB Expense	\$ (348,779)	\$ (1,417,991)

At December 31, 2022 and 2021, the Gas System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Gas System change in proportionate share	\$ 2,765	\$ 7,122
Changes in assumptions	-	109,129
Differences between expected and actual experience	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 2,765</u>	<u>\$ 116,251</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 201,085	\$ 118,230
Changes in assumptions	170,740	359,676
Differences between expected and actual experience	<u>63,980</u>	<u>200,338</u>
Total Deferred Inflows of Resources	<u>\$ 435,805</u>	<u>\$ 678,244</u>

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

Year Ending December 31:		
	2023	\$ (266,694)
	2024	(93,504)
	2025	(43,952)
	2026	<u>(28,890)</u>
Total		<u>\$ (433,040)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	1.84 percent
Prior measurement period	2.00 percent
Health Care Cost Trend Rate:	
Current measurement period	5.5 percent, initial
	3.5 percent, ultimate in 2034
Prior measurement period	8.5 percent, initial
	3.5 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	<u>7.00%</u>	1.93%
Total	<u>100.00%</u>	3.45%

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Gas System's proportionate share of the net OPEB (asset)	\$ (248,071)	\$ (421,801)	\$ (566,038)

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

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

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Gas System's proportionate share of the net OPEB (asset)	\$ (426,380)	\$ (421,801)	\$ (416,414)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Gas System’s contractually required contributions were \$17,977 in 2022 and \$17,896 in 2021.

At December 31, 2022, the number of plan-wide active participants and retirees were 607 and 676, respectively, and 562 and 674 at December 31, 2021, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2022. Following is information related to the changes in total OPEB liability:

	<u>2022</u>	<u>2021</u>
Total OPEB Liability, beginning of year	\$ 336,373	\$ 326,308
Service cost	4,811	4,488
Interest	5,894	6,348
Difference between expected and actual experience	(1,700)	7,812
Changes in assumptions	(76,850)	9,313
Benefit payments	<u>(17,977)</u>	<u>(17,896)</u>
Total OPEB Liability, end of year	<u>\$ 250,551</u>	<u>\$ 336,373</u>
Retiree Life Insurance Plan OPEB expense	(\$7,911)	\$9,103

At December 31, 2022 and 2021, the Gas System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 22,362	\$ 36,437
Differences between expected and actual experience	<u>7,617</u>	<u>11,853</u>
Total Deferred Outflows of Resources	<u>\$ 29,979</u>	<u>\$ 48,290</u>
Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 61,095</u>	<u>\$ 1,495</u>

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

Year Ending December 31:		
2023	\$	(1,313)
2024		(7,930)
2025		(13,481)
2026		<u>(8,392)</u>
Total	\$	<u>(31,116)</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	4.00 percent
Prior measurement date	1.80 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Gas System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.00 percent) and one-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 280,135	\$ 250,551	\$ 225,944

9. CONTINGENT LIABILITIES

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

10. RELATED PARTY TRANSACTIONS

The Gas System sells gas to the City's Electric System for use in the generation of electricity. Revenues of approximately \$166,000 and \$123,000 from the Electric System to the Gas System are included in operating revenues in 2022 and 2021, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds that provide services to various City departments. Charges to the Gas System for these services were approximately \$4,365,000 in 2022 and \$4,063,000 in 2021 and are included in operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Gas System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials' errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2022, the Gas System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$12,000.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT PERIODS**

	Gas System's Proportion of the Net Pension Liability	Gas System's Proportionate Share of the Net Pension Liability	Gas System's Covered Payroll	Gas System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0101489%	\$ 1,198,966	\$ 1,116,600	107.38%	86.36%
2015	0.0101489%	1,224,067	1,251,175	97.83%	86.45%
2016	0.0099057%	1,715,789	1,165,042	147.27%	81.08%
2017	0.0098227%	2,230,562	1,292,917	172.52%	77.25%
2018	0.0110862%	1,739,203	1,391,669	124.97%	84.66%
2019	0.0113488%	3,108,207	1,494,436	207.99%	74.70%
2020	0.0118601%	2,344,239	1,598,379	146.66%	82.17%
2021	0.0121912%	1,805,251	1,690,936	106.76%	86.88%
2022	0.0131513%	1,144,212	1,746,700	65.51%	92.62%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 145,158	\$ (145,158)	\$ -	\$ 1,116,600	13.00%
2014	150,141	(150,141)	-	1,251,175	12.00%
2015	139,805	(139,805)	-	1,165,042	12.00%
2016	155,150	(155,150)	-	1,292,917	12.00%
2017	180,917	(180,917)	-	1,391,669	13.00%
2018	209,221	(209,221)	-	1,494,436	14.00%
2019	223,773	(223,773)	-	1,598,379	14.00%
2020	236,731	(236,731)	-	1,690,936	14.00%
2021	244,538	(244,538)	-	1,746,700	14.00%
2022	268,630	(268,630)	-	1,918,786	14.00%

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SIX MEASUREMENT PERIODS**

	Gas System's Proportion of the Net OPEB Liability/(Asset)	Gas System's Proportionate Share of the Net OPEB Liability/(Asset)	Gas System's Covered Payroll	Gas System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0105187%	\$ 1,062,426	\$ 1,292,917	82.17%	54.05%
2018	0.0112157%	1,217,946	1,391,669	87.52%	54.14%
2019	0.0114953%	1,498,716	1,494,436	100.29%	46.33%
2020	0.0120578%	1,665,497	1,598,379	104.20%	47.80%
2021	0.0124598%	(221,982)	1,690,936	(13.13%)	115.57%
2022	0.0134668%	(421,801)	1,746,700	(24.15%)	128.23%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SEVEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 25,858	\$ (25,858)	\$ -	\$ 1,292,917	2.00%
2017	13,917	(13,917)	-	1,391,669	1.00%
2018	-	-	-	1,494,436	0.00%
2019	-	-	-	1,598,379	0.00%
2020	-	-	-	1,690,936	0.00%
2021	-	-	-	1,746,700	0.00%
2022	-	-	-	1,918,786	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SIX YEARS**

	Gas System's Proportion Total OPEB Liability	Gas System's Covered- Employee Payroll	Gas System's Proportionate Gas System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,391,669	19.92%
2018	265,451	1,494,436	17.76%
2019	300,592	1,598,379	18.81%
2020	326,308	1,690,936	19.30%
2021	336,373	1,746,700	19.26%
2022	250,551	1,918,786	13.06%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	2022	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 336,373	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,811	4,488	3,676	2,937	3,100
Interest	5,894	6,348	8,028	9,762	9,412
Difference between expected and actual experience	(1,700)	7,812	4,383	6,383	3,947
Changes in assumptions	(76,850)	9,313	27,073	33,317	(11,462)
Benefit payments	(17,977)	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	\$ 250,551	\$ 336,373	\$ 326,308	\$ 300,592	\$ 265,451

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2022.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

BUTLER COUNTY

FINANCIAL AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Electric System, an enterprise fund of the City of Hamilton, Ohio (the Electric System), as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric System as of December 31, 2022 and 2021, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Electric System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Electric System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2022 and 2021. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2022 and 2021 are as follows:

- The assets and deferred outflow of resources of the Hamilton Electric System exceeded its liabilities and deferred inflows of resources at the close of 2022 and 2021 by \$133,338,661 and \$126,340,813 (net position), respectively. Of these amounts, \$39,800,114 and \$31,327,232 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- The system's total net position increased by \$6,997,848 between 2022 and 2021, representing a 5.5% increase.
- In 2022, the Electric System's long-term debt decreased by \$1,285,000, with an outstanding balance remaining of \$35,730,000.

Electric System Summary

The City of Hamilton, Ohio has owned and operated an electric utility system since 1893. Currently, the system is the second largest municipally owned electric system in Ohio. The electric system is a fully integrated electric generation, transmission and distribution system. The system owns both thermal and hydroelectric generation facilities and maintains a diverse customer base, with approximately 29,600 customers. Customer rates are established by the City and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any other regulatory body.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Electric System for the year ended December 31, 2022.

Reporting Hamilton's Electric System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Electric System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Electric System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2022 and 2021. The City of Hamilton's Electric System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Electric Fund are restricted to Electric System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the System looks at all financial transactions of the Electric Fund and asks the question, "How did we do financially during 2022 and 2021?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Electric System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Electric System charges fees to recoup the cost of the entire operation of the Electric System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. Table 1 provides a summary of the Electric System's Statement of Net Position for the Years Ended December 31, 2022, 2021, and 2020.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

	2022	2021	2020
Current and other assets	\$ 66,738,244	\$ 63,347,157	\$ 63,570,238
Capital assets	125,174,321	126,507,301	122,366,812
Total assets	191,912,565	189,854,458	185,937,050
 Deferred outflows of resources	 2,565,369	 2,074,918	 3,549,792
 Long-term liabilities:			
Net pension liability	5,131,104	8,706,562	11,962,955
OPEB liabilities	250,551	336,373	8,825,555
Other long-term amounts	37,747,723	39,244,281	40,732,993
Other liabilities	9,599,996	10,270,975	11,981,633
Total liabilities	52,729,374	58,558,191	73,503,136
 Deferred inflows of resources	 8,409,899	 7,030,372	 3,751,656
 Net investment in capital assets	 88,839,344	 90,324,670	 89,493,657
Restricted	4,699,203	4,688,911	4,694,591
Unrestricted	39,800,114	31,327,232	18,043,802
Total net position	\$ 133,338,661	\$ 126,340,813	\$ 112,232,050

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

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Electric System's financial statements as a result of the Electric System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Electric System's financial statements reflects OPEB benefits provided by the Electric System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Electric System is not responsible for certain key factors affecting the balance of these liabilities.

In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The System's asset values consists of the physical property, plant and equipment of the system having a historical cost less accumulated depreciation of \$125,174,321, \$126,507,301, and \$122,366,812, respectively, at December 31, 2022, 2021, and 2020. The System employs these assets in the generation, transmission, and distribution of electricity to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt in the Net Position section of the Statement of Net Position and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities.

As of December 31, 2022, 2021, and 2020, the Electric System was able to report positive balances in net position of \$133,338,661, \$126,340,813, and \$112,232,050, respectively. In 2022 and 2021, the Electric System reported operating income of \$9,122,267 and \$15,893,081, respectively, and an operating loss of \$2,621,787 in 2020. The increase in operating revenue is related to a rate increase that went into effect February 1, 2022 and an insurance reimbursement. The increase in operating expense was a direct result of changes in the net pension and net OPEB liabilities. Net non-operating expenses of \$2,134,419 increased by \$350,101, due to unrealized losses on investments.

Statement of Revenues, Expenses and Changes in Net Position

City of Hamilton, Ohio

Electric System

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For the Years Ended December 31, 2022 and 2021
Unaudited

	2022	2021	2020
Operating revenues	\$ 86,535,081	\$ 85,535,709	\$ 80,238,628
Operating expenses:			
Purchased power and fuel	50,839,569	49,132,047	52,466,231
Depreciation	7,422,962	7,055,527	7,010,456
Other operating expenses	19,150,283	13,455,054	23,383,728
Total operating expenses	<u>77,412,814</u>	<u>69,642,628</u>	<u>82,860,415</u>
Operating income (loss)	9,122,267	15,893,081	(2,621,787)
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,308,798)	(1,368,347)	(1,274,234)
Loss on disposal of capital assets	(45,598)	(217,290)	(7,562)
Other non-operating expenses	(780,023)	(198,681)	854,202
Total non-operating revenues (expenses)	<u>(2,134,419)</u>	<u>(1,784,318)</u>	<u>(427,594)</u>
Transfers	<u>10,000</u>	<u>-</u>	<u>-</u>
Change in net position	6,997,848	14,108,763	(3,049,381)
Beginning net position	<u>126,340,813</u>	<u>112,232,050</u>	<u>115,281,431</u>
Ending net position	<u>\$ 133,338,661</u>	<u>\$ 126,340,813</u>	<u>\$ 112,232,050</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Electric System as of December 31, 2022, 2021, and 2020 amounted to \$88.8 million, \$90.3 million, \$89.5 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment including the City's hydro-electric and thermal generation facilities. The plant and equipment of the Electric System are rigorously tested, and maintenance schedules are adhered to in a strenuous fashion to insure safe, long-term, efficient operation.

Note 5 (Capital Assets) provides Electric System asset activity during 2022 and 2021.

Debt Administration: At the end of 2022, the Electric System had three outstanding long-term revenue bond issues totaling \$35,730,000, with \$1,355,000 due within one year.

See Note 6 for a discussion of outstanding Electric System bonds, notes and related activity.

City of Hamilton, Ohio

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Economic Factors and Future Trends

The City's 2022 rate base consisted of approximately 26,700 residential customers and 2,900 commercial and industrial customers. The residential customers account for 52% of the revenue, the commercial and industrial customers account for the remaining 48%. No single customer of the Electric System accounted for more than 2.2% of total revenues and the ten largest customers, in the aggregate, accounted for approximately 12.8% of the Electric System's revenues in 2022. The Electric System customer base is comprised of approximately 90% residential and 10% commercial and industrial customers.

The City has a rate ordinance, which sets forth rates and charges for Residential, Commercial Non-Demand, Commercial Demand, Large Power and Industrial Service. All rates include:

- A power cost adjustment (PCA) charge (Rider A) that allows for increases or decreases in the fuel and purchased power costs to be passed directly through to the Electric System's customers in comparison with the level of power costs embedded in the base rates. The PCA averaged a charge of \$0.00063/kWh in 2022.
- An electric rate stabilization adjustment rider (Rider B) that allows for a percentage adder to be applied to all charges under each rate schedule to replenish revenues previously withdrawn from the Electric Rate Stabilization Fund. Rider B was not assessed for 2022.
- A suburban surcharge (Rider C) of 5% for all Electric System customers outside the corporate limits of the City.
- An unfunded environmental mandates adjustment rider (UEMA – Rider D) that allows for expenses associated with the Electric System's compliance with environmental mandates, not included in the base rates or PCA. Rider D was not assessed for 2022.
- An unfunded governmental and regulatory, excluding environmental (Rider D), mandates adjustment rider (UGRMA – Rider E) that allows for expenses associated with the Electric System's compliance with governmental and regulatory mandates not included in the base rates, PCA or Rider D. Rider E was not assessed for 2022.
- The Economic Development Cost Adjustment (Rider F) for Electric was not assessed in 2022.

The annual budget of the City Electric System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated annually, or more often as deemed necessary by City Management.

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The Electric System serves the electricity needs of its customers with energy from a diversified mix of resources. This mix consists of steam, hydroelectric, combustion turbine generating facilities and the wholesale energy market. The City has purchase power contracts with American Municipal Power Inc. (AMP) for several generating resources including the New York Power Authority ("NYPA"), Prairie State Energy Campus ("Prairie State"), Ohio Municipal Electric Generating Agency Joint Venture 2 ("OMEGA JV-2"), Meldahl and the wholesale energy market.

Prairie State is a 2-unit, 1,600 MW coal-fired generating project that is located in Central Illinois. Prairie State began commercial operation in 2012. The City and AMP executed a 50-year purchase power agreement under which the City purchases 17.5 MW from each unit, resulting in a total City contractual entitlement of 35 MW of capacity. Prairie State is projected to provide approximately 274,191 MWh of the City's energy supply in 2023. AMP owns an interest in the Prairie State Energy Campus equivalent to 368 MW of capacity.

In 2011, AMP purchased AFEC, a natural gas-fired combined cycle generating station, from FirstEnergy. Plant construction was completed by December 31, 2011 and commercial operation of the facility began on January 1, 2012. AFEC is located near Fremont, Ohio. AFEC includes two 180 MW (net) natural gas-fired combustion turbines and one 360 MW (net) steam turbine.. As of February 1, 2023, the City is no longer a participant in the AFEC project due to the divestiture of the resource in an effort to reduce excess power supply resources and stabilize electric rates to customers.

On March 1, 2009, the City entered into the AMP/Hamilton Meldahl-Greenup Agreements pursuant to which the City has retained approximately 55.928 MW of the 108.81 MW Meldahl project. Additionally, the City sold approximately 34.1 MW of the 70.2 MW Greenup Project to AMP for a sale price of \$139 million, which was paid by AMP to the City shortly after the commencement of operations of the Meldahl Project in 2016. Proceeds from the sale were used to retire outstanding debt or deposited into a reserve to fund necessary capital improvements to the Electric System. Pursuant to the agreement, the City's share of the combined Meldahl/Greenup annual power generation is expected to be approximately 386,306 MWh, thereby diversifying the City's power resources and moving further away from the production of power via fossil fuels.

The City purchases approximately 3.8 MW on-peak and 1.9 MW off-peak of project capability and associated energy from the New York Power Authority's Niagara and St. Lawrence Hydroelectric Projects, marketed by NYPA and supplied through AMP. NYPA is projected to supply approximately 21,994 MWh of the City's energy supply in 2023. The NYPA entitlement is transmitted to the Electric System through New York, Pennsylvania, and the Pennsylvania-New Jersey-Maryland Interconnection, LLC systems and the Duke interconnection.

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In November 2000, the City became a participant in OMEGA JV-2. OMEGA JV-2 owns and operates approximately 138 MW of distributive generation capacity consisting of 38 units located in 13 Ohio communities. One of the OMEGA JV-2 units, a 32 MW (gross) combustion turbine, is located within the City limits, but not at the Thermal Power Plant, and is interconnected with the Electric System. The OMEGA JV-2 generating unit that is located in Hamilton is remotely operated by AMP, under the OMEGA JV-2 arrangement. The City is entitled by contract to approximately 32 MW (gross) of capacity and associated energy from OMEGA JV-2. JV-2 is projected to supply approximately 2,600 MWh of the City's energy supply in 2023. The capacity charge includes the City's portion of the cost of funding the purchase of the OMEGA JV-2.

Gas Turbine-Generator 2, or GT-2, is a natural gas-fired combustion turbine. Gas Turbine-Generator 2 is used for peaking. Gas Turbine No. 2 was manufactured by Westinghouse.

The City is the licensee of the Small Hydro Plant, a run-of-the-river hydroelectric generation facility located on a three-mile long diversion canal off the Great Miami River. Water is diverted into the canal by means of ungated dams. The Small Hydro Plant is located in the City approximately one-quarter mile from the Thermal Power Plant. The Small Hydro Plant capacity rating is 1,700 kW and is projected to supply approximately 4,712 MWh of the City's energy supply in 2023. The diversion canal is the source of cooling water for the thermal generation facilities.

In 2012, the Electric System joined the PJM RTO (Regional Transmission Organization). This transition meant that the Electric System would receive its power from the "grid" through PJM as opposed to through the MISO (Midwest Independent System Operators) RTO, its pre-2012 Regional Transmission Organization. This transition resulted from the decision of Duke Energy Ohio and Duke Energy Kentucky switch from MISO to PJM. Since the City of Hamilton is essentially surrounded by the territory of Duke Energy Ohio and receives its outside power through the Duke Energy Interconnect, the decision to switch to PJM made operational and economic sense. Additionally, most of Ohio is already located in PJM.

Requests for Information

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

**CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and investments	\$ 47,560,801	46,763,349
Accounts receivable (less allowance for uncollectible accounts of \$2,230,869 and \$2,383,810, respectively)	9,788,307	8,522,657
Interest receivable	131,906	56,012
Leases receivable	42,682	-
Inventory of supplies at cost	1,815,143	1,786,730
Prepaid expenses	672,687	458,902
Total current assets	<u>60,011,526</u>	<u>57,587,650</u>
Restricted cash and investments	<u>4,699,203</u>	<u>4,688,911</u>
Noncurrent assets:		
Leases receivable	135,994	-
Net OPEB asset	1,891,521	1,070,596
Nondepreciable capital assets	26,518,188	34,025,335
Depreciable capital assets, net	98,656,133	92,481,966
Total noncurrent assets	<u>127,201,836</u>	<u>127,577,897</u>
Total assets	<u>191,912,565</u>	<u>189,854,458</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	276,337	286,572
Pension	2,245,717	1,179,386
OPEB	43,315	608,960
Total deferred outflows of resources	<u>2,565,369</u>	<u>2,074,918</u>
LIABILITIES		
Current liabilities:		
Accounts payable	4,758,269	5,567,622
Accrued wages and benefits	532,101	435,846
Accrued liabilities	1,237	1,037
Intergovernmental payable	163,265	166,035
Accrued interest payable	360,116	375,743
Customer deposits payable	1,695,531	1,759,519
Compensated absences payable-current	734,477	680,173
Revenue bonds payable-current portion	1,355,000	1,285,000
Total current liabilities	<u>9,599,996</u>	<u>10,270,975</u>
Noncurrent Liabilities:		
Compensated absences payable	595,984	580,682
Revenue bonds payable	37,151,739	38,663,599
Net pension liability	5,131,104	8,706,562
Total OPEB liability	250,551	336,373
Total noncurrent liabilities	<u>43,129,378</u>	<u>48,287,216</u>
Total liabilities	<u>52,729,374</u>	<u>58,558,191</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	178,676	-
Pension	6,215,802	3,757,768
OPEB	2,015,421	3,272,604
Total deferred inflows of resources	<u>8,409,899</u>	<u>7,030,372</u>
NET POSITION		
Net investment in capital assets	88,839,344	90,324,670
Restricted for debt service	699,203	688,911
Restricted for rate stabilization	4,000,000	4,000,000
Unrestricted	39,800,114	31,327,232
Total net position	<u>\$ 133,338,661</u>	<u>126,340,813</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 84,975,151	85,342,432
Other operating revenues	<u>1,559,930</u>	<u>193,277</u>
Total operating revenues	<u>86,535,081</u>	<u>85,535,709</u>
Operating expenses:		
Personal services	6,173,236	1,482,319
Materials and supplies	1,434,151	765,562
Contractual services	7,540,757	7,296,423
Purchased power and fuel	50,839,569	49,132,047
Depreciation	7,422,962	7,055,527
Other operating expenses	<u>4,002,139</u>	<u>3,910,750</u>
Total operating expenses	<u>77,412,814</u>	<u>69,642,628</u>
Operating income	9,122,267	15,893,081
Non-operating revenues (expenses):		
Investment earnings	(780,023)	(198,681)
Loss on disposal of capital assets	(45,598)	(217,290)
Interest and fiscal charges	<u>(1,308,798)</u>	<u>(1,368,347)</u>
Total non-operating revenues (expenses)	<u>(2,134,419)</u>	<u>(1,784,318)</u>
Income before transfers	6,987,848	14,108,763
Transfers in	<u>10,000</u>	<u>-</u>
Change in net position	6,997,848	14,108,763
Net position - beginning of year	<u>126,340,813</u>	<u>112,232,050</u>
Net position - end of year	\$ <u>133,338,661</u>	<u>126,340,813</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 85,269,631	85,616,804
Cash paid for employee services and benefits	(11,909,899)	(11,459,620)
Cash paid to suppliers for goods and services	<u>(62,326,848)</u>	<u>(59,577,240)</u>
Net cash from operating activities	<u>11,032,884</u>	<u>14,579,944</u>
Cash flows from noncapital financing activities:		
Kilowatt hour taxes received	2,371,076	2,455,493
Kilowatt hour taxes paid to State	(2,371,076)	(2,455,493)
Transfers in from other funds	<u>10,000</u>	<u>-</u>
Net cash from noncapital financing activities	<u>10,000</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(6,623,173)	(13,020,654)
Revenue bond principal retirement	(1,285,000)	(1,240,000)
Debt interest payments	<u>(1,471,050)</u>	<u>(1,530,050)</u>
Net cash from capital and related financing activities	<u>(9,379,223)</u>	<u>(15,790,704)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(855,917)</u>	<u>(189,150)</u>
Net change in cash and investments	807,744	(1,399,910)
Cash and investments at beginning of year	<u>51,452,260</u>	<u>52,852,170</u>
Cash and investments at end of year	\$ <u><u>52,260,004</u></u>	<u><u>51,452,260</u></u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 9,122,267	15,893,081
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	7,422,962	7,055,527
Change in deferred outflows-pension and OPEB	(500,686)	1,464,639
Change in deferred inflows-pension and OPEB	1,200,851	3,278,716
Change in Assets and Liabilities:		
(Increase) decrease in receivables	(1,265,650)	81,014
(Increase) decrease in inventory	(28,413)	(126,478)
(Increase) decrease in prepaid items	(213,785)	(70,300)
Increase (decrease) in customer deposits payable	(63,988)	(54,160)
Increase (decrease) in payables	(321,760)	(207,195)
Increase (decrease) in accrued liabilities	166,061	65,818
Increase (decrease) in intergovernmental payables	(2,770)	15,453
(Increase) decrease in net OPEB asset	(820,925)	(1,070,596)
Increase (decrease) in net pension liability	(3,575,458)	(3,256,393)
Increase (decrease) in net OPEB liability	-	(8,499,247)
Increase (decrease) in Total OPEB liability	<u>(85,822)</u>	<u>10,065</u>
Net cash from operating activities	\$ <u><u>11,032,884</u></u>	<u><u>14,579,944</u></u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>528,117</u>	<u>1,015,710</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

Notes to Financial Statements Years Ended December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Electric System (Electric System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Electric System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Electric System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Electric System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Electric System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Electric System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Electric System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Discounts and Premiums – Unamortized bond discounts and premiums are amortized on the interest method over the term of the related bonds. Amortization of bond discounts for 2022 and 2021 was \$5,046 and amortization of premiums during 2022 and 2021 was \$161,906.

Compensated Absences - The Electric System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Electric System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Electric System reports deferred outflows of resources deferred pension/OPEB amounts and are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Electric System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8) and leases.

Leases Receivable – As a lessor, the City recognizes a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on the net present value calculated using the rate explicit in the contract, the rate implied in the contract, or the City's incremental borrowing rate plus the net impact of any payments to be received at or before commencement of the lease term that relate to future periods, as well as lease incentives payable to the lessee. Deferred inflows are recognized as inflows on a straight-line basis over the term of the lease. For short-term lease contracts – defined as having a maximum possible term of 12 months or less – the City recognizes revenue based on the payment provisions of the lease contract.

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Electric System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Electric System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Electric System totaled \$51,560,801 and \$50,763,349 for December 31, 2022 and 2021, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$699,203 and \$688,911 at December 31, 2022 and 2021, respectively.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2022 and 2021, approximately 93% and 97%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Electric System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Electric System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Electric Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

The City’s pooled investments, as well as the investments held by trustees specifically for the Electric System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.34 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE AND LEASE RECEIVABLE

Receivables at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Earned and unbilled consumer accounts	\$ 5,485,943	5,030,865
Earned and billed consumer accounts	5,899,981	5,530,434
Other	633,252	345,168
Less allowance for uncollectible accounts	<u>(2,230,869)</u>	<u>(2,383,810)</u>
Total	<u>\$ 9,788,307</u>	<u>8,522,657</u>

The Electric System leases various office space as lessor. In 2022 the City received \$47,459 in lease payments. Total lease receivable balances at December 31, 2022 are as \$178,676.

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$4,699,203 and \$4,688,911 at December 31, 2022 and 2021, respectively.

5. CAPITAL ASSETS

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 3,440,307	\$ 1,329,497	\$ -	\$ 4,769,804
Construction in progress	<u>30,585,028</u>	<u>2,183,179</u>	<u>(11,019,823)</u>	<u>21,748,384</u>
Subtotal	<u>34,025,335</u>	<u>3,512,676</u>	<u>(11,019,823)</u>	<u>26,518,188</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	22,942,144	3,566,164	-	26,508,308
Machinery and equipment	<u>417,694,974</u>	<u>10,076,563</u>	<u>(1,148,452)</u>	<u>426,623,085</u>
Subtotal	<u>441,707,904</u>	<u>13,642,727</u>	<u>(1,148,452)</u>	<u>454,202,179</u>
Totals at historical cost	<u>475,733,239</u>	<u>17,155,403</u>	<u>(12,168,275)</u>	<u>480,720,367</u>
Less accumulated depreciation:				
Intangibles	299,824	21,416	-	321,240
Buildings and improvements	11,005,774	451,656	-	11,457,430
Machinery and equipment	<u>337,920,340</u>	<u>6,949,890</u>	<u>(1,102,854)</u>	<u>343,767,376</u>
Total accumulated depreciation	<u>349,225,938</u>	<u>7,422,962</u>	<u>(1,102,854)</u>	<u>355,546,046</u>
Capital assets, net	<u>\$ 126,507,301</u>	<u>\$ 9,732,441</u>	<u>\$ (11,065,421)</u>	<u>\$ 125,174,321</u>

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 1,863,309	\$ 1,576,998	\$ -	\$ 3,440,307
Construction in progress	<u>26,319,965</u>	<u>6,650,212</u>	<u>(2,385,149)</u>	<u>30,585,028</u>
Subtotal	<u>28,183,274</u>	<u>8,227,210</u>	<u>(2,385,149)</u>	<u>34,025,335</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	22,942,144	-	-	22,942,144
Machinery and equipment	<u>412,611,583</u>	<u>5,571,245</u>	<u>(487,854)</u>	<u>417,694,974</u>
Subtotal	<u>436,624,513</u>	<u>5,571,245</u>	<u>(487,854)</u>	<u>441,707,904</u>
Totals at historical cost	<u>464,807,787</u>	<u>13,798,455</u>	<u>(2,873,003)</u>	<u>475,733,239</u>
Less accumulated depreciation:				
Intangibles	278,408	21,416	-	299,824
Buildings and improvements	10,614,814	390,960	-	11,005,774
Machinery and equipment	<u>331,547,753</u>	<u>6,643,151</u>	<u>(270,564)</u>	<u>337,920,340</u>
Total accumulated depreciation	<u>342,440,975</u>	<u>7,055,527</u>	<u>(270,564)</u>	<u>349,225,938</u>
Capital assets, net	<u>\$ 122,366,812</u>	<u>\$ 6,742,928</u>	<u>\$ (2,602,439)</u>	<u>\$ 126,507,301</u>

6. LONG-TERM DEBT

In April 2018, the Electric System currently refunded the 2017 Notes through the issuance of \$12,980,000 of Series 2018 Electric System Refunding Revenue Bonds. These bonds fully mature in 2030 and bear interest from 3.0 to 5.0 percent per annum.

In December 2019, the Electric System defeased \$14,520,000 of the Series 2009B Build America Bonds through the issuance of \$11,285,000 of Series 2019 Electric System Mortgage Revenue Refunding Bonds, and additional cash on hand. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in December 2019, the Electric System issued \$15,600,000 of Series 2019 Electric System Mortgage Revenue Bonds to construct a new substation and other necessary improvements. These bonds mature in 2049 and bear interest between 3.0 to 4.0 percent per annum.

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2018 Revenue Bonds	\$ 10,750,000	\$ -	\$ (975,000)	\$ 9,775,000	\$ 1,030,000
Series 2019 Revenue Refunding Bonds	11,160,000	-	(20,000)	11,140,000	25,000
Series 2019 Revenue Bonds	15,105,000	-	(290,000)	14,815,000	300,000
Less deferred amount:					
for issuance discounts	(141,302)	-	5,046	(136,256)	-
for issuance premiums	3,074,901	-	(161,906)	2,912,995	-
Compensated absences	1,260,855	749,779	(680,173)	1,330,461	734,477
	<u>\$ 41,209,454</u>	<u>\$ 749,779</u>	<u>\$ (2,122,033)</u>	<u>\$ 39,837,200</u>	<u>\$ 2,089,477</u>

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2018 Revenue Bonds	\$ 11,690,000	\$ -	\$ (940,000)	\$ 10,750,000	\$ 975,000
Series 2019 Revenue Refunding Bonds	11,180,000	-	(20,000)	11,160,000	20,000
Series 2019 Revenue Bonds	15,385,000	-	(280,000)	15,105,000	290,000
Less deferred amount:					
for issuance discounts	(146,348)	-	5,046	(141,302)	-
for issuance premiums	3,236,807	-	(161,906)	3,074,901	-
Compensated absences	1,307,557	633,321	(680,023)	1,260,855	680,173
	<u>\$ 42,653,016</u>	<u>\$ 633,321</u>	<u>\$ (2,076,883)</u>	<u>\$ 41,209,454</u>	<u>\$ 1,965,173</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

A summary of the Electric System’s annual debt service requirements as of December 31, 2022 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,355,000	\$ 1,409,150	\$ 2,764,150
2024	1,425,000	1,341,400	2,766,400
2025	1,490,000	1,270,150	2,760,150
2026	1,565,000	1,195,650	2,760,650
2027	1,650,000	1,117,400	2,767,400
2028-2032	8,405,000	4,544,150	12,949,150
2033-2037	8,645,000	2,940,800	11,585,800
2038-2042	5,905,000	1,267,500	7,172,500
2043-2047	3,665,000	580,050	4,245,050
2048-2049	<u>1,625,000</u>	<u>73,500</u>	<u>\$ 1,698,500</u>
Total	<u>\$ 35,730,000</u>	<u>\$ 15,739,750</u>	<u>\$ 51,469,750</u>

7. DEFINED BENEFIT PENSION PLANS

The Electric System contributes to the Ohio Public Employees Retirement System.

A. Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2022 and 2021:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	<u>0.0</u>	<u>%</u>
Total Employer	<u>14.0</u>	<u>%</u>
Employee	<u>10.0</u>	<u>%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$1,204,646 and \$1,179,386 for 2022 and 2021, respectively. Of this amount, \$52,816 was reported as an intergovernmental payable in 2022 and \$51,200 in 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric System's proportion of the net pension liability was based on the Electric System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net Pension Liability	\$ 5,131,104	\$ 8,706,562
Proportion of the Net Pension Liability	0.0589755%	0.0587970%
Change in Proportion	0.0001785%	-0.0017268%
Pension Expense	\$ (799,530)	\$ 190,702

At December 31, 2022 and 2021, the Electric System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Electric System change in proportionate share	\$ 137,856	\$ -
Changes in assumptions	641,639	-
Differences between expected and actual experience	261,576	-
Electric System contributions subsequent to the measurement date	<u>1,204,646</u>	<u>1,179,386</u>
Total Deferred Outflows of Resources	<u>\$ 2,245,717</u>	<u>\$ 1,179,386</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 6,103,260	\$ 3,393,562
Differences between expected and actual experience	<u>112,542</u>	<u>364,206</u>
Total Deferred Inflows of Resources	<u>\$ 6,215,802</u>	<u>\$ 3,757,768</u>

\$1,204,646 reported as deferred outflows of resources related to pension resulting from the Electric System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2023	\$ (708,916)
2024	(2,059,803)
2025	(1,435,125)
2026	<u>(970,887)</u>
Total	<u>\$ (5,174,731)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2020</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Electric System's proportionate share of the net pension liability (asset)	\$ 13,529,011	\$ 5,131,104	\$ (1,856,634)

8. DEFINED BENEFIT OPEB PLANS

The Electric System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

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

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent from January 1 to June 30 and 2 percent from July 1 to December 31 during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System’s contractually required contributions were \$0 for 2022 and 2021.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Electric System’s proportion of the net OPEB asset was based on the Electric System’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,891,521)	\$ (1,070,596)
Proportion of the Net OPEB Liability/(Asset)	0.0603904%	0.0600925%
Change in Proportion	0.0002979%	-0.0014401%
OPEB Expense	\$ (1,564,067)	\$ (6,461,670)

At December 31, 2022 and 2021, the Electric System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Electric System change in proportionate share	\$ 13,336	\$ 34,352
Changes in assumptions	<u>-</u>	<u>526,318</u>
Total Deferred Outflows of Resources	<u>\$ 13,336</u>	<u>\$ 560,670</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 901,745	\$ 570,215
Changes in assumptions	765,667	1,734,688
Differences between expected and actual experience	<u>286,914</u>	<u>966,206</u>
Total Deferred Inflows of Resources	<u>\$ 1,954,326</u>	<u>\$ 3,271,109</u>

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

Year Ending December 31:	
2023	\$ (1,195,389)
2024	(419,106)
2025	(197,005)
2026	<u>(129,490)</u>
Total	<u>\$ (1,940,990)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

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

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	1.84 percent
Prior measurement period	2.00 percent
Health Care Cost Trend Rate:	
Current measurement period	5.5 percent, initial 3.5 percent, ultimate in 2034
Prior measurement period	8.5 percent, initial 3.5 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	<u>9.00%</u>	1.93%
Total	<u>100.00%</u>	3.45%

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Electric System's proportionate share of the net OPEB (asset)	\$ (1,112,446)	\$ (1,891,521)	\$ (2,538,334)

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

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

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Electric System's proportionate share of the net OPEB (asset)	\$ (1,912,055)	\$ (1,891,521)	\$ (1,867,364)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Electric System’s contractually required contributions were \$17,977 in 2022 and \$17,896 in 2021.

At December 31, 2022, the number of plan-wide active participants and retirees were 607 and 676, respectively, and 562 and 674 at December 31, 2021, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2022. Following is information related to the changes in total OPEB liability:

	<u>2022</u>	<u>2021</u>
Total OPEB Liability, beginning of year	\$ 336,373	\$ 326,308
Service cost	4,811	4,488
Interest	5,894	6,348
Difference between expected and actual experience	(1,700)	7,812
Changes in assumptions	(76,850)	9,313
Benefit payments	<u>(17,977)</u>	<u>(17,896)</u>
Total OPEB Liability, end of year	<u>\$ 250,551</u>	<u>\$ 336,373</u>
Retiree Life Insurance Plan OPEB expense	(\$7,911)	\$9,103

At December 31, 2022 and 2021, the Electric System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 22,362	\$ 36,437
Differences between expected and actual experience	<u>7,617</u>	<u>11,853</u>
Total Deferred Outflows of Resources	<u>\$ 29,979</u>	<u>\$ 48,290</u>
Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 61,095</u>	<u>\$ 1,495</u>

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

Year Ending December 31:		
2023	\$	(1,313)
2024		(7,930)
2025		(13,481)
2026		<u>(8,392)</u>
Total	\$	<u>(31,116)</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:	
Current measurement date	4.00 percent
Prior measurement date	1.80 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Electric System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.00 percent) and one-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 280,135	\$ 250,551	\$ 225,944

9. RELATED PARTY TRANSACTIONS

Under an arrangement with the City, the Electric System provides street lighting and traffic light services to the City, without charge and the estimated operating cost of supplying these free services was \$295,000 in 2022 and \$295,000 in 2021. The City's Gas System provides gas to the Electric System for use in the generation of electricity. Gas costs of \$166,000 in 2022 and \$123,000 in 2021 paid to the Gas System are included in operating expenses. The Electric System sells electricity to the City's Water and Wastewater Systems. Included in revenues are sales to the Water System and Wastewater System in 2022 of \$2,015,109 (\$1,232,743 and \$782,366) and \$2,041,036 (\$1,324,278 and \$716,758) in 2021. The Electric System is allocated from the City a portion of the City's administrative cost. In addition, it was charged expenses by the City's internal service funds, which provide services to various City departments. Total expenses for these items were approximately \$4,733,000 in 2022 and \$4,266,000 in 2021 and is included in operating expenses.

10. CONTINGENT LIABILITIES

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

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

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

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Electric System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Governmental Joint Ventures and Jointly Governed Organizations as described in GASB Statement No. 61, *The Financial Reporting Entity*. The following is a list of organizations and a brief description of the Joint Venture and the Jointly Governed Organizations pertaining specifically to the Electric System of the City.

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

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

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

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

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

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

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

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

13. CONTRACTUAL COMMITMENTS

At December 31, 2022, the Electric System had contractual commitments of approximately \$1,872,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Electric System operations.

14. CLOSURE OF THE ELECTRIC SYSTEM TO COMPETITION

In March 2002, the Hamilton City Council adopted an ordinance effectively closing the municipal borders of the City to electric deregulation. With the adoption of the ordinance, electric customers within these corporate boundaries must purchase their electricity from the Hamilton Electric System.

15. CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” which establishes standards of accounting and financial reporting for leases. The implementation of this Statement had no effect on beginning net position/fund balance.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT PERIODS**

	Electric System's Proportion of the Net Pension Liability	Electric System's Proportionate Share of the Net Pension Liability	Electric System's Covered Payroll	Electric System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0568681%	\$ 6,707,570	\$ 6,440,385	104.15%	86.36%
2015	0.0568681%	6,858,924	6,999,658	97.99%	86.45%
2016	0.0516665%	8,949,281	6,614,758	135.29%	81.08%
2017	0.0533571%	12,116,488	6,743,650	179.67%	77.25%
2018	0.0561443%	8,807,947	7,559,592	116.51%	84.66%
2019	0.0594718%	16,288,107	7,568,371	215.21%	74.70%
2020	0.0605239%	11,962,955	8,376,079	142.82%	82.17%
2021	0.0587970%	8,706,562	8,629,079	100.90%	86.88%
2022	0.0589755%	5,131,104	8,424,186	60.91%	92.62%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 837,250	\$ (837,250)	\$ -	\$ 6,440,385	13.00%
2014	839,959	(839,959)	-	6,999,658	12.00%
2015	793,771	(793,771)	-	6,614,758	12.00%
2016	809,238	(809,238)	-	6,743,650	12.00%
2017	982,747	(982,747)	-	7,559,592	13.00%
2018	1,059,572	(1,059,572)	-	7,568,371	14.00%
2019	1,172,651	(1,172,651)	-	8,376,079	14.00%
2020	1,208,071	(1,208,071)	-	8,629,079	14.00%
2021	1,179,386	(1,179,386)	-	8,424,186	14.00%
2022	1,204,646	(1,204,646)	-	8,604,614	14.00%

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SIX MEASUREMENT PERIODS**

	Electric System's Proportion of the Net OPEB Liability/(Asset)	Electric System's Proportionate Share of the Net OPEB Liability/(Asset)	Electric System's Covered Payroll	Electric System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0532705%	\$ 5,380,506	\$ 6,743,650	79.79%	54.05%
2018	0.0568005%	6,168,113	7,559,592	81.59%	54.14%
2019	0.0602395%	7,853,807	7,568,371	103.77%	46.33%
2020	0.0615326%	8,499,247	8,376,079	101.47%	47.80%
2021	0.0600925%	(1,070,596)	8,629,079	(12.41%)	115.57%
2022	0.0603904%	(1,891,521)	8,424,186	(22.45%)	128.23%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SEVEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 134,873	\$ (134,873)	\$ -	6,743,650	2.00%
2017	75,596	(75,596)	-	7,559,592	1.00%
2018	-	-	-	7,568,371	0.00%
2019	-	-	-	8,376,079	0.00%
2020	-	-	-	8,629,079	0.00%
2021	-	-	-	8,424,186	0.00%
2022	-	-	-	8,604,614	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SIX YEARS**

	Electric System's Proportion Total OPEB Liability	Electric System's Covered- Employee Payroll	Electric System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 7,559,592	3.67%
2018	265,451	7,568,371	3.51%
2019	300,592	8,376,079	3.59%
2020	326,308	8,629,079	3.78%
2021	336,373	8,424,186	3.99%
2022	250,551	8,604,614	2.91%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	2022	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 336,373	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,811	4,488	3,676	2,937	3,100
Interest	5,894	6,348	8,028	9,762	9,412
Difference between expected and actual experience	(1,700)	7,812	4,383	6,383	3,947
Changes in assumptions	(76,850)	9,313	27,073	33,317	(11,462)
Benefit payments	(17,977)	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2022.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – WATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Water System, an enterprise fund of the City of Hamilton, Ohio (the Water System), as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water System as of December 31, 2022 and 2021, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Water System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Water System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2022 and 2021. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2022 and 2021 are as follows:

- The assets and deferred outflows of resources of the Hamilton Water System exceeded its liabilities and deferred inflows of resources at the close of 2022 and 2021 by \$68,125,262 and \$67,955,213 (net position), respectively. Of these amounts, \$5,290,756 and \$4,738,933 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- The system's total net position increased by \$170,049 between 2021 and 2022, representing a 0.3% increase.
- In 2022, the Water System's long-term debt decreased by a net of \$1,308,599, as the Water System continued to make debt service payments.

Water System Summary

The Water System is a fully integrated water supply, treatment, transmission and distribution system. Over the last decade, the City has implemented a number of improvements to the Water System, providing increased system capabilities and enhanced reliability. The System has two water treatment facilities and two well fields that draw water from the Great Miami Buried Valley Aquifer. The transmission and distribution system consists of more than 300 miles of various size main piping, storage facilities and pumping stations.

The Water System currently provides water service to approximately 24,300 customers who represent a diverse mixture of residential, as well as small and large commercial and industrial customers. The City Water Service Area is comprised of virtually all customers within the City's corporate boundaries and a small number of customers in some areas in the immediate surrounding environs. Butler County is the largest customer of the Water System and for the last several years has accounted for in excess of fifty percent of the Water System's revenue. The Water System provides water service to an area within the City limits and areas in the immediate surrounding environs. No water utility other than the Water System can serve new customers in the City without a franchise, and, under the City Charter, only the City Council has the authority to grant utility franchises. City Council has not granted any franchises.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Water System for the years ended December 31, 2022 and 2021.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Reporting Hamilton's Water System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Water System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Water System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2022 and 2021. The City of Hamilton's Water System is reported as a business-type, proprietary, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Water Fund are restricted to Water System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Water Fund and asks the question, "How did we do financially during 2022 and 2021?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the change in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Water System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Water System charges fees to recoup the cost of the entire operation of the Water System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Water Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68,125,262, \$67,955,213, and \$67,243,602 as of December 31, 2022, 2021, and 2020, respectively. By far, the largest portion of the net position of the Water System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 90% for 2022, 91% for 2021, and 92% for 2020. The System employs these assets in the treatment and distribution of water to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities. Table 1 provides a summary of the Water System's Statement of Net Position for the Years Ended December 31, 2022 and 2021, and 2020.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

	2022	2021	2020
Current and other assets	\$ 12,338,179	\$ 12,569,271	\$ 14,683,092
Capital assets	96,931,036	99,151,553	98,106,559
Total assets	<u>109,269,215</u>	<u>111,720,824</u>	<u>112,789,651</u>
Deferred outflows of resources	1,187,093	1,062,603	1,521,735
Long-term liabilities:			
Net pension liability	1,648,494	2,755,716	3,646,293
OPEB liabilities	250,551	336,373	2,916,865
Other long-term amounts	34,802,005	36,218,220	36,810,285
Other liabilities	2,944,047	3,291,702	2,548,072
Total liabilities	<u>39,645,097</u>	<u>42,602,011</u>	<u>45,921,515</u>
Deferred inflows of resources	2,685,949	2,226,203	1,146,269
Net investment in capital assets	61,316,554	61,703,005	61,871,326
Restricted	1,517,952	1,513,275	1,575,722
Unrestricted	5,290,756	4,738,933	3,796,554
Total net position	<u>\$ 68,125,262</u>	<u>\$ 67,955,213</u>	<u>\$ 67,243,602</u>

The net pension liability (NPL) is reported by the Water System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Water System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Water System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Water System's financial statements as a result of the Water System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Water System's financial statements reflects OPEB benefits provided by the Water System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

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

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

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

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

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

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

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The Water System reported an increase in net position of \$170,049 and \$711,611 in 2022 and 2021, respectively, and a decrease in net position of \$2,078,934 in 2020. The Water System reported operating income of \$717,309 and \$1,833,478 in 2022 and 2021, respectively, and an operating loss of \$(1,144,955) in 2020. The decrease in operating income was a direct result of changes in the net OPEB assets as OPEB expenses incurred increased by \$1,542,689. Net non-operating expenses of \$1,382,260 increased by \$260,393 from 2021 primarily due to unrealized losses on investments.

Statement of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating revenues	\$ 14,959,968	\$ 14,301,554	\$ 14,396,099
Operating expenses:			
Depreciation	3,390,283	3,390,293	3,344,534
Other operating expenses	10,852,376	9,077,783	12,196,520
Total operating expenses	<u>14,242,659</u>	<u>12,468,076</u>	<u>15,541,054</u>
Operating income (loss)	717,309	1,833,478	(1,144,955)
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,017,154)	(1,048,026)	(1,049,385)
Loss on disposal of capital assets	(245,129)	(24,148)	(71,939)
Other non-operating expenses	(119,977)	(49,693)	187,345
Total non-operating revenues (expenses)	<u>(1,382,260)</u>	<u>(1,121,867)</u>	<u>(933,979)</u>
Transfers	<u>835,000</u>	-	-
Change in net position	170,049	711,611	(2,078,934)
Beginning net position	67,955,213	67,243,602	69,322,536
Ending net position	<u>\$ 68,125,262</u>	<u>\$ 67,955,213</u>	<u>\$ 67,243,602</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Water System as of December 31, 2022, 2021, and 2020 amounted to \$61.3 million, \$61.7 million, and \$61.9 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Water System asset activity during 2022 and 2021.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Debt Administration: At the end of 2022, the Water System had five outstanding long-term revenue bond issues totaling \$26,225,000.

The Water System continued to draw from an Ohio Public Works Commission (OPWC) loan during 2021 for Highland Park water main improvements.

See Note 6 for a discussion of outstanding Water System bonds, notes and related activity.

Economic Factors and Future Trends

The City's Water System is continually monitoring its costs and seeking ways to maintain its rates. However, the cost of providing water continues to escalate with rising chemical costs and environmental regulation. These costs are required by both ordinance and indentures to be passed along to its customers. The number of customers has remained steady, but per capita usage is dropping. In 2022, the City adopted a five-year cost of service rate plan to be implemented annually from 2023 through 2027.

The annual budget of the City Water System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated in the spring and fall of each year, or more often as deemed necessary by City Management.

While the transmission and distribution system has been well-maintained, the age of the infrastructure has led to increases in the number of water main breaks and leaks over the last decade or so. For example, the average water main age in the City is approximately seventy years. In 2010, City Council adopted an ordinance which created the Water Main Replacement Program Rider (WMRPR). The WMRPR program is designed to renew and replace the City's water mains based upon an average 75-year useful life. Debt was issued approximately every three years to provide funding for the program until 2020. At that time, the Rider fully funded the WMRPR. All funds collected through the WMRPR were dedicated to meeting the capital expense and debt service requirements of the Water Main Replacement Program. Beginning with rates adopted in 2014, all water main replacement costs were collected in the base water service rates to more accurately reflect the cost of service. Furthermore, the WMRPR was set to zero at the time of the first step of the five-year rate plan in 2015. Beginning in 2020, water main replacements were being funded by a combination of OPWC loans and current year revenues.

While the U.S. EPA establishes water quality and testing guidelines, the Ohio EPA enforces these guidelines, by using Primary and Secondary Drinking Water Standards. The Primary Drinking Water Standards focus on health concerns, by placing restrictions on water content of certain chemicals, such as lead, arsenic, mercury, fluoride and nitrates. Secondary Drinking Water Standards focus on the aesthetic quality of water, such as color, odor, iron and pH. Based on its tests and monitoring program, the City is currently in compliance with all U.S. EPA and Ohio EPA requirements. The City's treated water meets or exceeds applicable standards and is generally regarded as high quality, which is confirmed by consumer surveys. To further support this label of "high quality," the City of Hamilton won the award of "Best of the Best" in the National Section of the American Water Works Association Water Tasting Contest in 2018 and again in 2019 for the Ohio Section. Furthermore, the City's water won "The World's Best Tasting Tap Water" at the Berkeley Springs competition in 2015 and received a bronze medal in 2017.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Most recently, the Water System won third place in 2020 and second place in 2022 for the best purified drinking water category and fifth place in 2022 for the best municipal water at the Berkely Springs competition.

The City maintains an Aa3 bond rating with a stable outlook for its Water System.

Requests for Information

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

**CITY OF HAMILTON, OHIO – WATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and investments	\$ 7,558,178	8,708,380
Accounts receivable (less allowance for uncollectible accounts of \$365,989 and \$385,370, respectively)	2,075,659	1,603,008
Interest receivable	20,821	10,400
Inventory of supplies at cost	404,070	292,703
Prepaid expenses	153,798	102,648
Total current assets	<u>10,212,526</u>	<u>10,717,139</u>
Restricted assets:		
Cash and investments	<u>1,517,952</u>	<u>1,513,275</u>
Noncurrent assets:		
Net OPEB asset	607,701	338,857
Nondepreciable capital assets	9,068,165	13,230,224
Depreciable capital assets, net	87,862,871	85,921,329
Total noncurrent assets	<u>97,538,737</u>	<u>99,490,410</u>
Total assets	<u>109,269,215</u>	<u>111,720,824</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	431,403	463,568
Pension	721,491	373,288
OPEB	34,199	225,747
Total deferred outflows of resources	<u>1,187,093</u>	<u>1,062,603</u>
LIABILITIES		
Current liabilities:		
Accounts payable	654,373	1,131,489
Accrued wages and benefits	180,665	144,059
Intergovernmental payable	54,301	52,775
Accrued interest payable	237,579	245,018
Customer deposits payable	241,870	263,244
Compensated absences payable-current	312,041	288,186
OWDA loans payable - current portion	43,811	43,235
OPWC loans payable - current portion	249,407	178,696
Revenue bonds payable - current portion	970,000	945,000
Total current liabilities	<u>2,944,047</u>	<u>3,291,702</u>
Non-current liabilities:		
Compensated absences payable	254,114	265,443
OWDA loans payable	678,446	722,257
OPWC loans payable	6,737,673	7,000,302
Revenue bonds payable	27,131,772	28,230,218
Net pension liability	1,648,494	2,755,716
Total OPEB liability	250,551	336,373
Total noncurrent liabilities	<u>36,701,050</u>	<u>39,310,309</u>
Total liabilities	<u>39,645,097</u>	<u>42,602,011</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	1,996,978	1,189,369
OPEB	688,971	1,036,834
Total deferred inflows of resources	<u>2,685,949</u>	<u>2,226,203</u>
NET POSITION		
Net investment in capital assets	61,316,554	61,703,005
Restricted for debt service	517,952	513,275
Restricted for rate stabilization	1,000,000	1,000,000
Unrestricted	5,290,756	4,738,933
Total net position	<u>\$ 68,125,262</u>	<u>67,955,213</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 14,757,186	14,160,438
Other operating revenues	<u>202,782</u>	<u>141,116</u>
Total operating revenues	<u>14,959,968</u>	<u>14,301,554</u>
Operating expenses:		
Personal services	2,898,931	1,654,358
Materials and supplies	1,771,484	1,458,093
Contractual services	3,062,614	3,260,537
Depreciation	3,390,283	3,390,293
Other operating expenses	<u>3,119,347</u>	<u>2,704,795</u>
Total operating expenses	<u>14,242,659</u>	<u>12,468,076</u>
Operating income	717,309	1,833,478
Non-operating revenues (expenses):		
Investment earnings	(119,977)	(49,693)
Loss on disposal of capital assets	(245,129)	(24,148)
Interest and fiscal charges	<u>(1,017,154)</u>	<u>(1,048,026)</u>
Total non-operating revenues (expenses)	<u>(1,382,260)</u>	<u>(1,121,867)</u>
Income (loss) before transfers	(664,951)	711,611
Transfers in	<u>835,000</u>	<u>-</u>
Change in net position	170,049	711,611
Net position - beginning of year	<u>67,955,213</u>	<u>67,243,602</u>
Net position - end of year	\$ <u>68,125,262</u>	<u>67,955,213</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 14,487,317	14,205,203
Cash paid for employee services and benefits	(4,006,501)	(3,924,800)
Cash paid to suppliers for goods and services	<u>(8,058,059)</u>	<u>(7,469,226)</u>
Net cash from operating activities	<u>2,422,757</u>	<u>2,811,177</u>
Cash Flows from noncapital financing activities:		
Transfers in from other funds	<u>835,000</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payment for capital acquisitions	(1,971,857)	(3,800,556)
Revenue bond principal retirement	(945,000)	(915,000)
OWDA loan principal retirement	(43,235)	(42,665)
OPWC loan proceeds	22,134	701,178
OPWC loan principal retirement	(214,052)	(153,041)
Debt interest payments	<u>(1,120,874)</u>	<u>(1,151,227)</u>
Net cash from capital and related financing activities	<u>(4,272,884)</u>	<u>(5,361,311)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(130,398)</u>	<u>(44,723)</u>
Net change in cash and cash equivalents	(1,145,525)	(2,594,857)
Cash and cash equivalents at beginning of year	<u>10,221,655</u>	<u>12,816,512</u>
Cash and cash equivalents at end of year	<u>\$ 9,076,130</u>	<u>10,221,655</u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 717,309	1,833,478
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	3,390,283	3,390,293
Change in deferred outflows-pension and OPEB	(156,655)	426,967
Change in deferred inflows-pension and OPEB	459,746	1,079,934
Changes in assets and liabilities:		
(Increase) decrease in receivables	(472,651)	(96,351)
(Increase) decrease in inventory	(111,367)	(35,546)
(Increase) decrease in prepaid items	(51,150)	(15,252)
Increase (decrease) in customer deposits payable	(21,374)	(10,792)
Increase (decrease) in payables	79,846	16,870
Increase (decrease) in accrued liabilities	49,132	28,255
Increase (decrease) in intergovernmental payables	1,526	3,247
(Increase) decrease in net OPEB asset	(268,844)	(338,857)
Increase (decrease) in net pension liability	(1,107,222)	(890,577)
Increase (decrease) in net OPEB liability	-	(2,590,557)
Increase (decrease) in total OPEB liability	<u>(85,822)</u>	<u>10,065</u>
Net cash from operating activities	<u>\$ 2,422,757</u>	<u>2,811,177</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	<u>\$ 235,446</u>	<u>792,408</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Water System (Water System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Water System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Water System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Water System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Water System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Water System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond discounts were \$639 during 2022 and 2021, respectively, and amortization of bond premiums were \$129,085 during 2022 and 2021, respectively.

Compensated Absences - The Water System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Water System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Water System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Water System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Water System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Water System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Water System totaled \$8,558,178 at December 31, 2022 and \$9,708,380 at December 31, 2021 and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$517,952 and \$513,275 at December 31, 2022 and 2021, respectively.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2022 and 2021, approximately 93% and 97%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Water System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Water System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Water Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Water System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.34 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Earned and unbilled consumer accounts	\$ 1,024,710	1,040,042
Earned and billed consumer accounts	1,401,632	902,256
Other	15,306	46,080
Less allowance for uncollectible accounts	<u>(365,989)</u>	<u>(385,370)</u>
Total	<u>\$ 2,075,659</u>	<u>1,603,008</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$1,517,952 and \$1,513,275 at December 31, 2022 and 2021, respectively.

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5. CAPITAL ASSETS

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	<u>10,743,118</u>	<u>129,765</u>	<u>(4,291,824)</u>	<u>6,581,059</u>
Subtotal	<u>13,230,224</u>	<u>129,765</u>	<u>(4,291,824)</u>	<u>9,068,165</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,475,323	943,326	-	26,418,649
Machinery and equipment	<u>138,413,061</u>	<u>4,633,628</u>	<u>(601,712)</u>	<u>142,444,977</u>
Subtotal	<u>163,888,384</u>	<u>5,576,954</u>	<u>(601,712)</u>	<u>168,863,626</u>
Totals at historical cost	<u>177,118,608</u>	<u>5,706,719</u>	<u>(4,893,536)</u>	<u>177,931,791</u>
Less accumulated depreciation:				
Buildings and improvements	20,009,913	694,716	-	20,704,629
Machinery and equipment	<u>57,957,142</u>	<u>2,695,567</u>	<u>(356,583)</u>	<u>60,296,126</u>
Total accumulated depreciation	<u>77,967,055</u>	<u>3,390,283</u>	<u>(356,583)</u>	<u>81,000,755</u>
Capital assets, net	<u>\$ 99,151,553</u>	<u>\$ 2,316,436</u>	<u>\$ (4,536,953)</u>	<u>\$ 96,931,036</u>

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	<u>7,256,012</u>	<u>4,133,017</u>	<u>(645,911)</u>	<u>10,743,118</u>
Subtotal	<u>9,743,118</u>	<u>4,133,017</u>	<u>(645,911)</u>	<u>13,230,224</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,475,323	-	-	25,475,323
Machinery and equipment	<u>137,504,639</u>	<u>972,329</u>	<u>(63,907)</u>	<u>138,413,061</u>
Subtotal	<u>162,979,962</u>	<u>972,329</u>	<u>(63,907)</u>	<u>163,888,384</u>
Totals at historical cost	<u>172,723,080</u>	<u>5,105,346</u>	<u>(709,818)</u>	<u>177,118,608</u>
Less accumulated depreciation:				
Buildings and improvements	19,322,406	687,507	-	20,009,913
Machinery and equipment	<u>55,294,115</u>	<u>2,702,786</u>	<u>(39,759)</u>	<u>57,957,142</u>
Total accumulated depreciation	<u>74,616,521</u>	<u>3,390,293</u>	<u>(39,759)</u>	<u>77,967,055</u>
Capital assets, net	<u>\$ 98,106,559</u>	<u>\$ 1,715,053</u>	<u>\$ (670,059)</u>	<u>\$ 99,151,553</u>

6. LONG TERM DEBT

In September 2015, the Water System issued \$11,700,000 of water revenue refunding bonds to refund Series 2002 mortgage revenue bonds. The Series 2015 bonds fully mature in 2044 and bear interest of 4.4 to 5.25 percent per annum.

In 2016, the Water System entered into a direct borrowing agreement with Ohio Water Development Authority (OWDA), as administrator for the U.S. Environmental Protection Agency (EPA), for the Water System to receive a loan for a water main replacement at River Road. The interest rate on the loan is 1.33 percent per annum. As of December 31, 2022, the outstanding balance of the loan is \$722,257.

In 2016, the Water System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for a water main replacement at Pershing Avenue with a 0 percent interest rate. This loan is payable from water utility charges. As of December 31, 2022, the outstanding balance of the loan is \$637,450.

In 2016, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Arlington Avenue at an interest rate of 0 percent. This loan is received by the Water System in increments as the project is completed. As of December 31, 2022, the outstanding balance of the loan is \$541,546.

In 2017, the Water System obtained financing through OPWC direct borrowing for a water main replacement at State Route 4 at an interest of 0 percent. This loan is payable from water utility charges. As of December 31, 2022, the outstanding balance of the loan is \$379,412.

In April 2018, the Water System currently refunded the 2017 Notes through the issuance of \$5,625,000 of Series 2018 Water System Refunding Revenue Bonds. These bonds fully mature in 2029 and bear interest of 4.0 percent per annum.

In August 2018, the Water System issued \$2,965,000 of Series 2018 Water System Revenue Bonds to fund water main replacements and other necessary improvements. These bonds fully mature in 2048 and bear interest between 3.0 to 4.0 percent per annum.

In 2018, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Southern Hills at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2022, the outstanding balance of the loan is \$1,662,265.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main loop project at the Bilstein plant at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2022, the outstanding balance of the loan is \$218,186.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main replacement at North Third Street an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2022, the outstanding balance of the loan is \$1,462,240.

In November 2019, the Water System defeased \$8,915,000 of the Series 2009B Taxable Water System Build America Revenue Bonds through the issuance of \$8,075,000 of Water System Mortgage Revenue Refunding Bonds. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in November 2019, the Water System issued \$1,800,000 of Series 2019 Water System Mortgage Revenue Bonds for water main replacements and other necessary improvements. These bonds fully mature in 2049 and bear interest between 3.0 to 4.0 percent annum.

In 2020, the Water System obtained financing through OPWC direct borrowing for a water main replacement in the Highland Park area at an interest rate of 0 percent. This loan is received in increments as the project progresses. As of December 31, 2022, the Water System had received \$2,085,981 from OPWC. Subsequent amounts will be received in future years.

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2015 Refunding Bonds	\$ 9,975,000	\$ -	\$ (320,000)	\$ 9,655,000	\$ 325,000
Series 2018 Refunding Bonds	4,665,000	-	(510,000)	4,155,000	525,000
Series 2018 Revenue Bonds	2,790,000	-	(60,000)	2,730,000	65,000
Series 2019 Refunding Bonds	8,005,000	-	(20,000)	7,985,000	20,000
Series 2019 Revenue Bonds	1,735,000	-	(35,000)	1,700,000	35,000
Less deferred amount:					
for issuance premiums	2,023,121	-	(129,085)	1,894,036	-
for issuance discounts	(17,903)	-	639	(17,264)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	765,492	-	(43,235)	722,257	43,811
OPWC Loan- Pershing Ave	662,448	-	(24,998)	637,450	24,998
OPWC Loan-Arlington Ave	561,239	-	(19,693)	541,546	19,693
OPWC Loan-SR 4	393,730	-	(14,318)	379,412	14,318
OPWC Loan-Southern Hills	1,722,711	-	(60,446)	1,662,265	60,446
OPWC Loan-Bilstein Loop	226,120	-	(7,934)	218,186	7,934
OPWC Loan-N. Third Street	1,513,547	-	(51,307)	1,462,240	51,307
OPWC Loan-Highland Park	2,099,203	22,134	(35,356)	2,085,981	70,711
Compensated absences	553,629	300,712	(288,186)	566,155	312,041
	<u>\$ 37,673,337</u>	<u>\$ 322,846</u>	<u>\$ (1,618,919)</u>	<u>\$ 36,377,264</u>	<u>\$ 1,575,259</u>

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2015 Refunding Bonds	\$ 10,285,000	\$ -	\$ (310,000)	\$ 9,975,000	\$ 320,000
Series 2018 Refunding Bonds	5,155,000	-	(490,000)	4,665,000	510,000
Series 2018 Revenue Bonds	2,850,000	-	(60,000)	2,790,000	60,000
Series 2019 Refunding Bonds	8,025,000	-	(20,000)	8,005,000	20,000
Series 2019 Revenue Bonds	1,770,000	-	(35,000)	1,735,000	35,000
Less deferred amount:					
for issuance premiums	2,152,206	-	(129,085)	2,023,121	-
for issuance discounts	(18,542)	-	639	(17,903)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	808,157	-	(42,665)	765,492	43,235
OPWC Loan- Pershing Ave	687,446	-	(24,998)	662,448	24,998
OPWC Loan-Arlington Ave	580,931	-	(19,692)	561,239	19,693
OPWC Loan-SR 4	408,048	-	(14,318)	393,730	14,318
OPWC Loan-Southern Hills	1,783,157	-	(60,446)	1,722,711	60,446
OPWC Loan-Bilstein Loop	234,054	-	(7,934)	226,120	7,934
OPWC Loan-N. Third Street	1,539,200	-	(25,653)	1,513,547	51,307
OPWC Loan-Highland Park	1,398,025	701,178	-	2,099,203	-
Compensated absences	565,851	290,320	(302,542)	553,629	288,186
	<u>\$ 38,223,533</u>	<u>\$ 991,498</u>	<u>\$ (1,541,694)</u>	<u>\$ 37,673,337</u>	<u>\$ 1,455,117</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of revenue bonds at December 31, 2022 are as follows:

	Principal	Interest	Total
2023	\$ 970,000	\$ 1,074,688	\$ 2,044,688
2024	1,005,000	1,039,950	2,044,950
2025	1,050,000	1,002,263	2,052,263
2026	1,095,000	962,850	2,057,850
2027	1,130,000	919,950	2,049,950
2028-2032	5,980,000	3,871,538	9,851,538
2033-2037	6,860,000	2,545,994	9,405,994
2038-2042	5,430,000	1,072,451	6,502,451
2043-2047	2,360,000	252,464	2,612,464
2048-2049	345,000	14,400	359,400
Total	<u>\$ 26,225,000</u>	<u>\$ 12,756,548</u>	<u>\$ 38,981,548</u>

Maturities of the completed direct borrowing OWDA and OPWC loans as of December 31, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 293,218	\$ 9,461	\$ 302,679
2024	293,804	8,876	302,680
2025	294,397	8,284	302,681
2026	294,997	7,683	302,680
2027	295,605	7,075	302,680
2028-2032	1,487,440	25,962	1,513,402
2033-2037	1,503,911	9,489	1,513,400
2038-2042	1,247,029	-	1,247,029
2043-2047	1,247,025	-	1,247,025
2048-2051	751,911	-	751,911
Total	<u>\$ 7,709,337</u>	<u>\$ 76,830</u>	<u>\$ 7,786,167</u>

7. DEFINED BENEFIT PENSION PLANS

The Water System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by year of service for the first 35 years and 2.5% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2022 and 2021 as follows:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	<u>0.0</u>	<u>%</u>
Total Employer	<u>14.0</u>	<u>%</u>
Employee	<u>10.0</u>	<u>%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$387,022 and \$373,288 for 2022 and 2021, respectively. Of this amount, \$17,281 was reported as an intergovernmental payable in 2022 and \$16,415 in 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water System's proportion of the net pension liability was based on the Water System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net Pension Liability	\$ 1,648,494	\$ 2,755,716
Proportion of the Net Pension Liability	0.0189473%	0.0186099%
Change in Proportion	0.0003374%	0.0001623%
Pension Expense	\$ (256,869)	\$ 60,359

At December 31, 2022 and 2021, the Water System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Water System change in proportionate share	\$ 44,288	\$ -
Changes in assumptions	206,143	-
Differences between expected and actual experience	84,038	-
Water System contributions subsequent to the measurement date	<u>387,022</u>	<u>373,288</u>
Total Deferred Outflows of Resources	<u>\$ 721,491</u>	<u>\$ 373,288</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,960,824	\$ 1,074,097
Differences between expected and actual experience	<u>36,154</u>	<u>115,272</u>
Total Deferred Inflows of Resources	<u>\$ 1,996,978</u>	<u>\$ 1,189,369</u>

\$387,022 reported as deferred outflows of resources related to pension resulting from the Water System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2023	\$ (227,757)
2024	(661,762)
2025	(461,069)
2026	<u>(311,921)</u>
Total	<u>\$ (1,662,509)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2020</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Water System's proportionate share of the net pension liability (asset)	\$ 4,346,529	\$ 1,648,494	\$ (596,490)

8. DEFINED BENEFIT OPEB PLANS

The Water System contributes to the Ohio Public Employees Retirement System and the City’s Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

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

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent from January 1 to June 30 and 2 percent from July 1 to December 31 during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$0 for 2022 and 2021.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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. The Water System's proportion of the net OPEB liability/(asset) was based on the Water System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net OPEB		
Asset	\$ (607,701)	\$ (338,857)
Proportion of the Net OPEB Asset	0.0194020%	0.0190200%
Change in Proportion	0.0003820%	0.0002650%
OPEB Expense	\$ (502,495)	\$ (2,045,184)

At December 31, 2022 and 2021, the Water System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Water System change in proportionate share	\$ 4,220	\$ 10,872
Changes in assumptions	<u>-</u>	<u>166,585</u>
Total Deferred Outflows of Resources	<u>\$ 4,220</u>	<u>\$ 177,457</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 289,708	\$ 180,479
Changes in assumptions	245,990	549,046
Differences between expected and actual experience	<u>92,178</u>	<u>305,814</u>
Total Deferred Inflows of Resources	<u>\$ 627,876</u>	<u>\$ 1,035,339</u>

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

Year Ending December 31:	
2023	\$ (384,088)
2024	(134,662)
2025	(63,299)
2026	<u>(41,607)</u>
Total	<u>\$ (623,656)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	1.84 percent
Prior measurement period	2.00 percent
Health Care Cost Trend Rate:	
Current measurement period	5.5 percent, initial
	3.5 percent, ultimate in 2034
Prior measurement period	8.5 percent, initial
	3.5 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	<u>7.00%</u>	1.93%
Total	<u>100.00%</u>	3.45%

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Water System's proportionate share of the net OPEB (asset)	\$ (357,403)	\$ (607,701)	\$ (815,507)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Water System's proportionate share of the net OPEB (asset)	\$ (614,298)	\$ (607,701)	\$ (599,940)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Water System’s contractually required contributions were \$17,977 for 2022 and \$17,896 for 2021.

At December 31, 2022, the number of plan-wide active participants and retirees were 607 and 676, respectively, and 562 and 674 at December 31, 2021, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2022. Following is information related to the changes in total OPEB liability:

	<u>2022</u>	<u>2021</u>
Total OPEB Liability, beginning of year	\$ 336,373	\$ 326,308
Service cost	4,811	4,488
Interest	5,894	6,348
Difference between expected and actual experience	(1,700)	7,812
Changes in assumptions	(76,850)	9,313
Benefit payments	<u>(17,977)</u>	<u>(17,896)</u>
Total OPEB Liability, end of year	<u>\$ 250,551</u>	<u>\$ 336,373</u>
Retiree Life Insurance Plan OPEB expense	(\$7,911)	\$9,103

At December 31, 2022 and 2021, the Water System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 22,362	\$ 36,437
Differences between expected and actual experience	<u>7,617</u>	<u>11,853</u>
Total Deferred Outflows of Resources	<u>\$ 29,979</u>	<u>\$ 48,290</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 61,095</u>	<u>\$ 1,495</u>

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

Year Ending December 31:		
2023	\$	(1,313)
2024		(7,930)
2025		(13,481)
2026		<u>(8,392)</u>
Total	\$	<u>(31,116)</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:	
Current measurement date	4.00 percent
Prior measurement date	1.80 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Water System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.00 percent) and one-percentage-point higher (5.0 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 280,135	\$ 250,551	\$ 225,944

9. CONTINGENT LIABILITIES

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

10. RELATED PARTY TRANSACTIONS

The Water System purchases electricity from the City’s Electric System. Purchases of \$1,232,743 and \$1,324,278 from the Electric System are included in operating expenses in 2022 and 2021, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Water System for these services were approximately \$3,279,000 and \$3,076,000 in 2022 and 2021, respectively, and are included in operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Water System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2022, the Water System had contractual commitments in the amounts of approximately \$681,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Water System operations.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT PERIODS**

	Water System's Proportion of the Net Pension Liability	Water System's Proportionate Share of the Net Pension Liability	Water System's Covered Payroll	Water System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0167181%	\$ 1,988,353	\$ 2,168,223	91.70%	86.36%
2015	0.0167181%	2,016,384	2,074,942	97.18%	86.45%
2016	0.0143774%	2,490,354	1,811,517	137.47%	81.08%
2017	0.0150846%	3,425,456	1,876,583	182.54%	77.25%
2018	0.0163838%	2,570,300	2,137,177	120.27%	84.66%
2019	0.0163025%	4,464,933	2,208,571	202.16%	74.70%
2020	0.0184476%	3,646,293	2,296,071	158.81%	82.17%
2021	0.0186099%	2,755,716	2,630,129	104.77%	86.88%
2022	0.0189473%	1,648,494	2,666,343	61.83%	92.62%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 281,869	\$ (281,869)	\$ -	\$ 2,168,223	13.00%
2014	248,993	(248,993)	-	2,074,942	12.00%
2015	217,382	(217,382)	-	1,811,517	12.00%
2016	225,190	(225,190)	-	1,876,583	12.00%
2017	277,833	(277,833)	-	2,137,177	13.00%
2018	309,200	(309,200)	-	2,208,571	14.00%
2019	321,450	(321,450)	-	2,296,071	14.00%
2020	368,218	(368,218)	-	2,630,129	14.00%
2021	373,288	(373,288)	-	2,666,343	14.00%
2022	387,022	(387,022)	-	2,764,443	14.00%

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SIX MEASUREMENT PERIODS**

	Water System's Proportion of the Net OPEB Liability/(Asset)	Water System's Proportionate Share of the Net OPEB Liability/(Asset)	Water System's Covered Payroll	Water System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0155452%	\$ 1,570,118	\$ 1,876,583	83.67%	54.05%
2018	0.0165753%	1,799,953	2,137,177	84.22%	54.14%
2019	0.0165130%	2,152,902	2,208,571	97.48%	46.33%
2020	0.0187550%	2,590,559	2,296,071	112.83%	47.80%
2021	0.0190200%	(338,857)	2,630,129	(12.88%)	115.57%
2022	0.0194020%	(607,701)	2,666,343	(22.79%)	128.23%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SEVEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 37,532	\$ (37,532)	\$ -	\$ 1,876,583	2.00%
2017	21,372	(21,372)	-	2,137,177	1.00%
2018	-	-	-	2,208,571	0.00%
2019	-	-	-	2,296,071	0.00%
2020	-	-	-	2,630,129	0.00%
2021	-	-	-	2,666,343	0.00%
2022	-	-	-	2,764,443	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SIX YEARS**

	Water System's Proportion Total OPEB Liability	Water System's Covered- Employee Payroll	Water System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 2,137,177	12.97%
2018	265,451	2,208,571	12.02%
2019	300,592	2,296,071	13.09%
2020	326,308	2,630,129	12.41%
2021	336,373	2,666,343	12.62%
2022	250,551	2,764,443	9.06%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	2022	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 336,373	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,811	4,488	3,676	2,937	3,100
Interest	5,894	6,348	8,028	9,762	9,412
Difference between expected and actual experience	(1,700)	7,812	4,383	6,383	3,947
Changes in assumptions	(76,850)	9,313	27,073	33,317	(11,462)
Benefit payments	(17,977)	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2022.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Wastewater System, an enterprise fund of the City of Hamilton, Ohio (the Wastewater System), as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wastewater System as of December 31, 2022 and 2021, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wastewater System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Wastewater System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 21, 2023

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Wastewater System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2022 and 2021. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2022 and 2021 are as follows:

- The assets and deferred outflows of resources of the Hamilton Wastewater System exceed its liabilities and deferred inflows of resources at the close of 2022 and 2021 by \$29,209,017 and \$28,338,265 (net position), respectively. Of these amounts, \$10,658,869 and \$10,390,443 (unrestricted net position) in those years were available to meet the System's ongoing obligations to customers and creditors.
- The System's total net position increased by \$870,752 between 2022 and 2021, representing a 3.07% increase.
- In 2022, the Wastewater System's long-term debt decreased by a net \$1,163,644 due to meeting debt service requirements.

Wastewater System Summary

The City of Hamilton, Ohio owns and operates the Wastewater System, serving approximately 23,000 customers. The System consists of the treatment plant and sanitary sewer. The initial sludge plant was placed in service in 1959. In 1978, the Wastewater System was expanded to provide complete treatment services and an expansion of treatment facilities was completed during 2002.

The treatment plant, known as the Wastewater Reclamation Facility (WRF), is able to fully treat 32 MGD, the capacity of the WRF secondary treatment process. Wastewater flows in excess of 32 MGD receive only partial treatment. The stormwater train provides only primary treatment. The stormwater train's effluent is currently blended with fully treated flow from the wastewater train prior to disinfection, dechlorination and discharge to the Great Miami River.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Wastewater System for the years ended December 31, 2022 and 2021.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Reporting Hamilton's Wastewater System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Wastewater System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Wastewater System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2022 and 2021. The City of Hamilton's Wastewater System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Wastewater Fund are restricted to Wastewater System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Wastewater Fund and asks the question, "How did we do financially during 2022 and 2021?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Wastewater System's Financial Statements provide additional information that is essential to a full understanding of the data provided. The System provides services that have a charge based upon the amount of usage. The City's Wastewater System charges fees to recoup the cost of the entire operation of the Wastewater System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Wastewater Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,209,017, \$28,338,265, and \$25,711,379 as of December 31, 2022, 2021, and 2020, respectively. One of the largest portions of the net position of the Wastewater System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 54% for 2022, 53% for 2021, and 46% for 2020. The System employs these assets in the treatment and collection of sanitary sewer flow; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, because the capital assets themselves cannot be used to liquidate the liabilities.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Table 1 provides a summary of the Wastewater System's Statement of Net Position for the Years Ended December 31, 2022, 2021, and 2020.

	2022	2021	2020
Current and other assets	\$ 20,210,031	\$ 18,280,847	\$ 20,822,656
Capital assets	59,828,102	60,237,942	57,227,828
Total assets	<u>80,038,133</u>	<u>78,518,789</u>	<u>78,050,484</u>
Deferred outflows of resources	693,786	638,051	1,008,785
Long-term liabilities:			
Net pension liability	1,163,756	1,950,809	2,651,956
OPEB liabilities	250,551	336,373	2,210,428
Other long-term amounts	41,073,658	42,872,915	43,738,344
Other liabilities	7,120,826	4,082,083	3,912,392
Total liabilities	<u>49,608,791</u>	<u>49,242,180</u>	<u>52,513,120</u>
Deferred inflows of resources	1,914,111	1,576,395	834,770
Net investment in capital assets	15,678,170	15,086,041	11,818,895
Restricted	2,871,978	2,861,781	2,877,080
Unrestricted	10,658,869	10,390,443	11,015,404
Total net position	<u>\$ 29,209,017</u>	<u>\$ 28,338,265</u>	<u>\$ 25,711,379</u>

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

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Wastewater System's financial statements as a result of the Wastewater System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Wastewater System's financial statements reflects OPEB benefits provided by the Wastewater System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

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GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

As of December 31, 2022, 2021, and 2020, the Wastewater System is able to report positive balances in net position. The Wastewater System reported operating income of \$2,288,737, \$3,940,517, and \$1,027,032 in 2022, 2021, and 2020, respectively. The decrease in operating income was a direct result of changes in the net OPEB assets.

Net non-operating expenses of \$1,417,985 increased by \$104,354 in 2022, primarily due to unrealized losses on investments.

Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating revenues	\$ 13,002,156	\$ 12,971,767	\$ 13,109,026
Operating expenses:			
Depreciation	2,809,018	2,768,631	2,705,690
Other operating expenses	7,904,401	6,262,619	9,376,304
Total operating expenses	<u>10,713,419</u>	<u>9,031,250</u>	<u>12,081,994</u>
Operating income	2,288,737	3,940,517	1,027,032
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,152,372)	(1,239,131)	(1,279,207)
Loss on disposal of capital assets	-	(3,853)	-
Other non-operating expenses	(265,613)	(70,647)	316,474
Total non-operating revenues (expenses)	<u>(1,417,985)</u>	<u>(1,313,631)</u>	<u>(962,733)</u>
Change in net position	870,752	2,626,886	64,299
Beginning net position	<u>28,338,265</u>	<u>25,711,379</u>	<u>25,647,080</u>
Ending net position	<u><u>\$ 29,209,017</u></u>	<u><u>\$ 28,338,265</u></u>	<u><u>\$ 25,711,379</u></u>

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021
Unaudited

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Wastewater System as of December 31, 2022, 2021, and 2020 amounted to \$15.7 million, \$15.1 million, and \$11.8 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Wastewater System asset activity during 2022.

Debt Administration: At the end of 2022, the City had outstanding long-term bond issues and loans totaling \$41,719,172.

See Note 7 for a discussion of the outstanding Wastewater System bonds and related activity.

Economic Factors and Future Trends

Wastewater customer classes include residential, commercial, industrial and large contract customers. The Wastewater System serves the entire City and certain adjacent areas and accounts for 99% of the wastewater treatment services within the corporate limits of the City.

Wastewater rates, as with the other City utility rates, are established by City ordinance and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any Federal or State regulatory body. In 2022, City Council approved a rate ordinance providing for a series of five rate increases, with the first increase effective January 1, 2023, and each subsequent increase, thereafter, effective January 1, for years 2023 through 2027. The City has a single rate schedule, applicable to all wastewater customers in the City, with the exception of customers that have separate agreements. The rate schedule provides for a basic billing charge; a capacity charged based on the water meter size; a service charge based on flow or volume of usage; a surcharge for Biochemical Oxygen Demand (BOD) in excess of 200 milligrams per liter (mg/l); and a surcharge for Suspended Solids (SS) in excess of 300 mg/l. The surcharge tolerance for SS were increased, effective July 1, 2012, from SS in excess of 250 mg/l to 300 mg/l, to more accurately reflect the cost of treatment. As with the other City utilities, there is a suburban surcharge (150%) levied on wastewater customers located outside the corporate limits of Hamilton.

The annual budget of the Wastewater System is adopted in accordance with ten-year projections developed by City Staff. These projects are thoroughly reviewed and updated in the Spring and Fall of each year or more often as deemed necessary by City Management.

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In January 2007, the City and the Ohio EPA entered into a Modified Consent Order to address the remaining Ohio EPA issues with the Wastewater System. This Modified Consent Order required a number of reports to be filed with the Ohio EPA, including a Management, Operation and Maintenance (MOM) Report of the sanitary sewer system; an audit of the MOM Report, one year later; an Overflow Emergency Response Plan (OERP); and a System Evaluation and Capacity Assurance Plan (SECAP), with an implementation schedule. The Modified Consent Order also regulated the reporting of overflow and bypass monitoring. The City has received Ohio EPA approval of the required submitted reports and programs. In a letter dated July 11, 2009, the SECAP was approved by the Ohio EPA Director as adequate and complete. The SECAP document serves as the master plan of capital improvements to the Wastewater System to satisfy the Modified Consent Order. In 2012, a Preliminary Engineering Report, detailing changes to the SECAP, was submitted to the Ohio EPA. The changes to the SECAP were due primarily to the closure of the two paper mills in Hamilton and subsequent significant reduction in wastewater flow. The Report detailed the changes and modifications recommended for the Water Reclamation Facility and Interceptor Improvement Projects. The Report also requested a one-year extension of the completion date for these Projects, to October 1, 2015. The Ohio EPA approved the changes to the SECAP detailed in the Report.

During 2013, the Wastewater System began construction of the improvements identified within the approved SECAP, including the construction of a sewer overflow interceptor along the Great Miami River. The interceptor project was bid in 2013, with an accepted bid of approximately \$12 million. This was completed in 2015. Additionally, significant improvements were required at the Water Reclamation Facility to meet the requirements of the SECAP. Phase I of these improvements began in 2011 and totaled almost \$5.1 million. Phase II of these improvements began in 2014 and is estimated to cost approximately \$6.5 million. All requirements of the SECAP were completed in 2016.

The City maintains an A1 bond rating with a stable outlook for its Wastewater System.

Requests for Information

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

**CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and investments	\$ 14,928,814	13,435,352
Accounts receivable (less allowance for uncollectible accounts of \$571,027 and \$559,883, respectively)	1,846,994	1,675,232
Interest receivable	41,449	16,106
Inventory of supplies at cost	1,998	2,551
Prepaid expenses	89,793	49,945
Total current assets	<u>16,909,048</u>	<u>15,179,186</u>
Restricted assets:		
Cash and investments	<u>2,871,978</u>	<u>2,861,781</u>
Noncurrent assets:		
Net OPEB asset	429,005	239,880
Nondepreciable capital assets	8,987,048	10,791,889
Depreciable capital assets, net	50,841,054	49,446,053
Total noncurrent assets	<u>60,257,107</u>	<u>60,477,822</u>
Total assets	<u>80,038,133</u>	<u>78,518,789</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	151,481	199,881
Pension	509,339	264,256
OPEB	32,966	173,914
Total deferred outflows of resources	<u>693,786</u>	<u>638,051</u>
LIABILITIES		
Current liabilities:		
Accounts payable	283,342	867,832
Accrued wages and benefits	133,000	98,397
Intergovernmental payable	38,160	35,861
Accrued interest payable	356,231	375,755
Customer deposits payable	260,006	283,476
Compensated absences payable - current portion	257,566	219,030
General obligation notes payable	3,300,000	-
Installment loan payable - current	124,913	-
OWDA loans payable - current portion	56,195	55,281
OPWC loans payable - current portion	201,413	121,451
General obligation bonds payable - current portion	25,000	25,000
Revenue bonds payable - current portion	2,085,000	2,000,000
Total current liabilities	<u>7,120,826</u>	<u>4,082,083</u>
Non-current liabilities:		
Compensated absences payable	208,096	194,910
Installment loan payable	127,976	-
OWDA loans payable	1,237,782	1,302,600
OPWC loans payable	5,415,893	4,823,484
General obligation bonds payable	445,000	470,000
Revenue bonds payable	33,638,911	36,081,921
Net pension liability	1,163,756	1,950,809
Total OPEB liability	250,551	336,373
Total noncurrent liabilities	<u>42,487,965</u>	<u>45,160,097</u>
Total liabilities	<u>49,608,791</u>	<u>49,242,180</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	1,409,768	841,970
OPEB	504,343	734,425
Total deferred inflows of resources	<u>1,914,111</u>	<u>1,576,395</u>
NET POSITION		
Net investment in capital assets	15,678,170	15,086,041
Restricted for debt service	871,978	861,781
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	10,658,869	10,390,443
Total net position	<u>\$ 29,209,017</u>	<u>28,338,265</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 12,959,477	12,940,484
Other operating revenues	<u>42,679</u>	<u>31,283</u>
Total operating revenues	<u>13,002,156</u>	<u>12,971,767</u>
Operating expenses:		
Personal services	2,071,723	1,050,498
Materials and supplies	318,294	262,142
Contractual services	2,592,694	2,405,109
Depreciation	2,809,018	2,768,631
Other operating expenses	<u>2,921,690</u>	<u>2,544,870</u>
Total operating expenses	<u>10,713,419</u>	<u>9,031,250</u>
Operating income	2,288,737	3,940,517
Non-operating revenues (expenses):		
Investment earnings	(265,613)	(70,647)
Loss on disposal of capital assets	-	(3,853)
Interest and fiscal charges	<u>(1,152,372)</u>	<u>(1,239,131)</u>
Total non-operating revenues (expenses)	<u>(1,417,985)</u>	<u>(1,313,631)</u>
Change in net position	870,752	2,626,886
Net position - beginning of year	<u>28,338,265</u>	<u>25,711,379</u>
Net position - end of year	\$ <u>29,209,017</u>	<u>28,338,265</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 12,830,394	12,890,950
Cash paid for employee services and benefits	(2,811,573)	(2,799,347)
Cash paid to suppliers for goods and services	<u>(5,827,507)</u>	<u>(5,294,424)</u>
Net cash from operating activities	<u>4,191,314</u>	<u>4,797,179</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(2,659,106)	(5,594,622)
Note proceeds	3,300,000	-
Loan proceeds	793,822	1,725,695
Premium on debt issuance	26,146	-
Bonds principal retirement	(2,025,000)	(1,955,000)
Loan principal retirement	(316,469)	(175,483)
Debt interest payments and fiscal charges	<u>(1,516,092)</u>	<u>(1,572,429)</u>
Net cash from capital and related financing activities	<u>(2,396,699)</u>	<u>(7,571,839)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(290,956)</u>	<u>(63,794)</u>
Net change in cash and investments	1,503,659	(2,838,454)
Cash and investments at beginning of year	<u>16,297,133</u>	<u>19,135,587</u>
Cash and investments at end of year	\$ <u><u>17,800,792</u></u>	<u><u>16,297,133</u></u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 2,288,737	3,940,517
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	2,809,018	2,768,631
Change in deferred outflows-pension and OPEB	(104,135)	321,467
Change in deferred inflows-pension and OPEB	337,716	741,625
Changes in assets and liabilities:		
(Increase) decrease in receivables	(171,762)	(80,817)
(Increase) decrease in inventory	553	(1,303)
(Increase) decrease in prepaid items	(39,848)	18,502
Increase (decrease) in customer deposits payable	(23,470)	(11,696)
Increase (decrease) in payables	67,881	(87,441)
Increase (decrease) in accrued liabilities	86,325	1,905
Increase (decrease) in intergovernmental payables	2,299	871
(Increase) decrease in net OPEB asset	(189,125)	(239,880)
Increase (decrease) in net pension liability	(787,053)	(701,147)
Increase (decrease) in net OPEB liability	-	(1,884,120)
Increase (decrease) in total OPEB liability	<u>(85,822)</u>	<u>10,065</u>
Net cash from operating activities	\$ <u><u>4,191,314</u></u>	<u><u>4,797,179</u></u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u><u>95,661</u></u>	<u><u>748,032</u></u>
Acquisition of capital asset with installment loan	\$ <u><u>384,003</u></u>	<u><u>-</u></u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Wastewater System (Wastewater System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Wastewater System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Wastewater System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Wastewater System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Wastewater System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Wastewater System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Wastewater System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond premiums were \$358,010 and \$363,831 during 2022 and 2021, respectively.

Compensated Absences – The Wastewater System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the Wastewater System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Wastewater System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Wastewater System, deferred inflows of resources include pension/OPEB (see Notes 8 and 9).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Wastewater System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Wastewater System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Wastewater System totaled \$16,928,814 at December 31, 2022 and \$15,435,352 at December 31, 2021 consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$871,978 at December 31, 2022 and \$861,781 at December 31, 2021.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2022 and 2021, approximately 93% and 97%, respectively of the City's deposits with financial institutions, including the amount of pooled deposits related to the Wastewater System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Wastewater System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Wastewater Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Wastewater System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.34 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Earned and unbilled consumer accounts	\$ 916,635	832,218
Earned and billed consumer accounts	1,494,502	1,393,482
Other	6,884	9,415
Less allowance for uncollectible accounts	<u>(571,027)</u>	<u>(559,883)</u>
 Total	 <u>\$ 1,846,994</u>	 <u>1,675,232</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,871,978 and \$2,861,781 at December 31, 2022 and 2021, respectively.

5. CAPITAL ASSETS

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

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	<u>7,944,392</u>	<u>88,875</u>	<u>(1,893,716)</u>	<u>6,139,551</u>
Subtotal	<u>10,791,889</u>	<u>88,875</u>	<u>(1,893,716)</u>	<u>8,987,048</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,659,784	102,407	-	82,762,191
Machinery and equipment	<u>50,785,674</u>	<u>4,101,612</u>	<u>(53,690)</u>	<u>54,833,596</u>
Subtotal	<u>133,445,458</u>	<u>4,204,019</u>	<u>(53,690)</u>	<u>137,595,787</u>
Totals at historical cost	<u>144,237,347</u>	<u>4,292,894</u>	<u>(1,947,406)</u>	<u>146,582,835</u>
Less accumulated depreciation:				
Buildings and improvements	44,942,121	590,666	-	45,532,787
Machinery and equipment	<u>39,057,284</u>	<u>2,218,352</u>	<u>(53,690)</u>	<u>41,221,946</u>
Total accumulated depreciation	<u>83,999,405</u>	<u>2,809,018</u>	<u>(53,690)</u>	<u>86,754,733</u>
Capital assets, net	<u>\$ 60,237,942</u>	<u>\$ 1,483,876</u>	<u>\$ (1,893,716)</u>	<u>\$ 59,828,102</u>

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	<u>5,419,465</u>	<u>4,642,251</u>	<u>(2,117,324)</u>	<u>7,944,392</u>
Subtotal	<u>8,266,962</u>	<u>4,642,251</u>	<u>(2,117,324)</u>	<u>10,791,889</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,659,784	-	-	82,659,784
Machinery and equipment	<u>47,598,213</u>	<u>3,257,671</u>	<u>(70,210)</u>	<u>50,785,674</u>
Subtotal	<u>130,257,997</u>	<u>3,257,671</u>	<u>(70,210)</u>	<u>133,445,458</u>
Totals at historical cost	<u>138,524,959</u>	<u>7,899,922</u>	<u>(2,187,534)</u>	<u>144,237,347</u>
Less accumulated depreciation:				
Buildings and improvements	44,352,650	589,471	-	44,942,121
Machinery and equipment	<u>36,944,481</u>	<u>2,179,160</u>	<u>(66,357)</u>	<u>39,057,284</u>
Total accumulated depreciation	<u>81,297,131</u>	<u>2,768,631</u>	<u>(66,357)</u>	<u>83,999,405</u>
Capital assets, net	<u>\$ 57,227,828</u>	<u>\$ 5,131,291</u>	<u>\$ (2,121,177)</u>	<u>\$ 60,237,942</u>

6. NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The Wastewater System issued notes payable of \$3,300,000 in 2022 which bear interest at 4% and mature on December 28, 2023.

7. LONG TERM DEBT

In October 2016, the Wastewater System refunded \$10,840,000 of Series 2005 Wastewater System Revenue Refunding Bonds. The net proceeds of the Series 2016 bonds have been used to currently refund the Series 2005 Bonds that were originally issued to refund the 1996 and 1998 Wastewater Revenue Bonds. These bonds fully mature in 2026 with interest ranging from 1.75 to 5.0 percent per annum.

In April 2018, the Wastewater System currently refunded the 2017 Notes through the issuance of \$25,325,000 of Series 2018 Wastewater System Refunding Revenue Bonds. These bonds fully mature in 2041 and with interest ranging from 2.0 to 5.0 percent per annum.

In 2018, the City issued \$11,025,000 in Series 2018 General Obligation Various Purpose Bonds. Proceeds of \$555,000 will fund wastewater line improvements. The Wastewater System's portion of the bonds fully mature in 2038 with interest ranging from 2.6 to 4.0 percent per annum.

In November 2019, the Wastewater System defeased \$10,865,000 of the Series 2009B Taxable Wastewater System Build America Revenue Bonds through the issuance of \$8,865,000 of Series 2019 Wastewater Mortgage Revenue Refunding Bonds, and additional cash on hand. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

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

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Series 2016 Revenue Bonds	\$ 5,265,000	\$ -	\$ (965,000)	\$ 4,300,000	\$ 1,010,000
Series 2018 Refunding Bonds	22,510,000	-	(770,000)	21,740,000	800,000
Series 2018 G.O. Bonds	495,000	-	(25,000)	470,000	25,000
Series 2019 Refunding Bonds	8,310,000	-	(265,000)	8,045,000	275,000
Less deferred amount for issuance premiums	1,996,921	-	(358,010)	1,638,911	-
<i>Direct borrowing:</i>					
OWDA loan	1,357,881	-	(63,904)	1,293,977	56,195
OPWC loan	4,944,935	793,822	(121,451)	5,617,306	201,413
Installment loan	-	384,003	(131,114)	252,889	124,913
Compensated absences	413,940	270,752	(219,030)	465,662	257,566
Total bonds	<u>\$ 45,293,677</u>	<u>\$ 1,448,577</u>	<u>\$ (2,918,509)</u>	<u>\$ 43,823,745</u>	<u>\$ 2,750,087</u>

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2016 Revenue Bonds	\$ 6,185,000	\$ -	\$ (920,000)	\$ 5,265,000	\$ 965,000
Series 2018 Refunding Bonds	23,265,000	-	(755,000)	22,510,000	770,000
Series 2018 G.O. Bonds	515,000	-	(20,000)	495,000	25,000
Series 2019 Refunding Bonds	8,570,000	-	(260,000)	8,310,000	265,000
Less deferred amount for issuance premiums	2,360,752	-	(363,831)	1,996,921	-
<i>Direct borrowing:</i>					
OWDA loan	1,291,257	120,657	(54,033)	1,357,881	55,281
OPWC loan	3,461,347	1,605,038	(121,450)	4,944,935	121,451
Compensated absences	437,287	209,791	(233,138)	413,940	219,030
Total bonds	<u>\$ 46,085,643</u>	<u>\$ 1,935,486</u>	<u>\$ (2,727,452)</u>	<u>\$ 45,293,677</u>	<u>\$ 2,420,762</u>

All property and revenue of the Wastewater System facilities have been pledged as collateral on the indebtedness. Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The Mortgage Revenue Bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of mortgage revenue and general obligation bonds at December 31, 2022 are as follows:

	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,085,000	\$ 1,356,900	\$ 3,441,900	\$ 25,000	\$ 15,368	\$ 40,368
2024	2,155,000	1,294,088	3,449,088	25,000	15,368	40,368
2025	2,245,000	1,194,588	3,439,588	25,000	14,618	39,618
2026	2,360,000	1,082,338	3,442,338	25,000	13,868	38,868
2027	1,265,000	973,288	2,238,288	25,000	13,118	38,118
2028-2032	7,480,000	3,959,977	11,439,977	145,000	50,536	195,536
2033-2037	9,205,000	2,496,925	11,701,925	165,000	24,832	189,832
2038-2041	7,290,000	685,000	7,975,000	35,000	1,269	36,269
Total	<u>\$ 34,085,000</u>	<u>\$ 13,043,104</u>	<u>\$ 47,128,104</u>	<u>\$ 470,000</u>	<u>\$ 148,977</u>	<u>\$ 618,977</u>

In 2010, the Wastewater System entered into a direct borrowing agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for sanitary sewer improvements. The interest rate on the loan is 3.25 percent, per annum. This loan is payable from wastewater utility charges. As of December 31, 2022, the outstanding loan balance was \$206,583.

In 2018, the Wastewater System entered into a direct borrowing agreement with the OWDA to receive a loan for sanitary sewer improvements. The interest rate on the loan is 2.22 percent per annum. This loan is payable from wastewater utility charges. As of December 31, 2022, the outstanding loan balance was \$1,087,394.

In 2016, the Wastewater System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for the Gilmore Road Pump Station (Phases I and II) with a 0 percent interest rate. As of December 31, 2022, the outstanding balance of the loan is \$2,857,549.

In 2021, the Wastewater System obtained financing through OPWC direct borrowing for sanitary sewer improvements at an interest rate of 0%. This loan is received by the Wastewater System in increments as the project is completed. As of December 31, 2022, the Wastewater System had received \$2,759,757 from OPWC. Subsequent amounts will be received in future years.

The future financing requirements on the completed direct borrowing OWDA and OPWC project loan balances at December 31, 2022 was:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 257,607	\$ 27,924	\$ 285,531
2024	265,566	26,365	291,931
2025	266,344	24,781	291,125
2026	267,148	23,173	290,321
2027	267,978	21,537	289,515
2028-2032	1,292,807	83,622	1,376,429
2033-2037	1,209,036	58,661	1,267,697
2038-2042	1,209,036	38,530	1,247,566
2043-2047	1,209,036	18,398	1,227,434
2048-2052	666,725	1,722	668,447
2052	-	-	-
Total	<u>\$ 6,911,283</u>	<u>\$ 324,713</u>	<u>\$ 7,235,996</u>

The future payments on the installment loan at December 31, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 124,913	\$ 6,202	\$ 131,115
2024	<u>127,976</u>	<u>3,184</u>	<u>131,160</u>
Total	<u>\$ 252,889</u>	<u>\$ 9,386</u>	<u>\$ 262,275</u>

8. DEFINED BENEFIT PENSION PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2022 and 2021 as follows:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System’s contractually required contributions were \$273,219 for 2022 and \$264,256 for 2021. Of this amount, \$12,821 was reported as an intergovernmental payable in 2022 and \$11,240 in 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Wastewater System's proportion of the net pension liability was based on the Wastewater System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net Pension Liability	\$ 1,163,756	\$ 1,950,809
Proportion of the Net Pension Liability	0.0133759%	0.0131742%
Change in Proportion	0.0002017%	-0.0002428%
Pension Expense	\$ (181,337)	\$ 42,729

At December 31, 2022 and 2021, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Wastewater System change in proportionate share	\$ 31,267	\$ -
Changes in assumptions	145,526	-
Differences between expected and actual experience	59,327	-
Wastewater System contributions subsequent to the measurement date	<u>273,219</u>	<u>264,256</u>
Total Deferred Outflows of Resources	<u>\$ 509,339</u>	<u>\$ 264,256</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,384,245	\$ 760,368
Differences between expected and actual experience	<u>25,523</u>	<u>81,602</u>
Total Deferred Inflows of Resources	<u>\$ 1,409,768</u>	<u>\$ 841,970</u>

\$273,219 reported as deferred outflows of resources related to pension resulting from the Wastewater System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2023	\$ (160,785)
2024	(467,171)
2025	(325,492)
2026	<u>(220,200)</u>
Total	<u>\$ (1,173,648)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

	<u>December 31, 2021</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 3.0 percent simple through 2022, then 2.05 percent simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2020</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Wastewater System's proportionate share of the net pension liability (asset)	\$ 3,068,437	\$ 1,163,756	\$ (421,092)

9. DEFINED BENEFIT OPEB PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

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

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent from January 1 to June 30 and 2 percent from July 1 to December 31 during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System’s contractually required contributions were \$0 for 2022 and 2021.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 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. The Wastewater System’s proportion of the net OPEB liability/(asset) was based on the Wastewater System’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2022</u>	<u>2021</u>
Proportionate Share of the Net OPEB		
Liability/(Asset)	\$ (429,005)	\$ (239,880)
Proportion of the Net OPEB Liability/(Asset)	0.0136968%	0.0134645%
Change in Proportion	0.0002323%	-0.0001761%
OPEB Expense	\$ (354,737)	\$ (1,447,814)

At December 31, 2022 and 2021, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Wastewater System change in proportionate share	\$ 2,987	\$ 7,695
Changes in assumptions	<u>-</u>	<u>117,929</u>
Total Deferred Outflows of Resources	<u>\$ 2,987</u>	<u>\$ 125,624</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 204,519	\$ 127,763
Changes in assumptions	173,656	388,677
Differences between expected and actual experience	<u>65,073</u>	<u>216,490</u>
Total Deferred Inflows of Resources	<u>\$ 443,248</u>	<u>\$ 732,930</u>

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

Year Ending December 31:	
2023	\$ (271,142)
2024	(95,063)
2025	(44,685)
2026	<u>(29,371)</u>
Total	<u>\$ (440,261)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

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

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	1.84 percent
Prior measurement period	2.00 percent
Health Care Cost Trend Rate:	
Current measurement period	5.5 percent, initial 3.5 percent, ultimate in 2034
Prior measurement period	8.5 percent, initial 3.5 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	<u>7.00%</u>	1.93%
Total	<u>100.00%</u>	3.45%

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Wastewater System's proportionate share of the net OPEB (asset)	\$ (252,308)	\$ (429,005)	\$ (575,705)

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

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

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Wastewater System's proportionate share of the net OPEB (asset)	\$ (433,662)	\$ (429,005)	\$ (423,526)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Wastewater System’s contractually required contributions were \$17,977 in 2022 and \$17,896 in 2021.

At December 31, 2022, the number of plan-wide active participants and retirees were 607 and 676, respectively, and 562 and 674 at December 31, 2021, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2022. Following is information related to the changes in total OPEB liability:

	<u>2022</u>	<u>2021</u>
Total OPEB Liability, beginning of year	\$ 336,373	\$ 326,308
Service cost	4,811	4,488
Interest	5,894	6,348
Difference between expected and actual experience	(1,700)	7,812
Changes in assumptions	(76,850)	9,313
Benefit payments	<u>(17,977)</u>	<u>(17,896)</u>
Total OPEB Liability, end of year	<u>\$ 250,551</u>	<u>\$ 336,373</u>
Retiree Life Insurance Plan OPEB expense	(\$7,911)	\$9,103

At December 31, 2022 and 2021, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 22,362	\$ 36,437
Differences between expected and actual experience	<u>7,617</u>	<u>11,853</u>
Total Deferred Outflows of Resources	<u>\$ 29,979</u>	<u>\$ 48,290</u>
Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 61,095</u>	<u>\$ 1,495</u>

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

Year Ending December 31:		
2023	\$	(1,313)
2024		(7,930)
2025		(13,481)
2026		<u>(8,392)</u>
Total	\$	<u>(31,116)</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:

Current measurement date	4.00 percent
Prior measurement date	1.80 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 4.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2022. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Wastewater System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.00 percent) and one-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 280,135	\$ 250,551	\$ 225,944

10. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Wastewater System. The City believes the likely outcome will not be material to the Wastewater System’s basic financial statements.

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

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

11. RELATED PARTY TRANSACTIONS

The Wastewater System purchases electricity from the City’s Electric System. Purchases of \$782,366 and \$716,758 were made in 2022 and 2021, respectively, from the Electric System and are included in operating expenses.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Wastewater System for these services was approximately \$2,862,000 in 2022 and \$2,619,000 in 2021 and are included in other operating expenses.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Wastewater System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

13. CONTRACTUAL COMMITMENTS

At December 31, 2022, the Wastewater System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$2,441,000.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net Pension Liability	Wastewater System's Proportionate Share of the Net Pension Liability	Wastewater System's Covered Payroll	Wastewater System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0132201%	\$ 1,567,858	\$ 1,471,631	106.54%	86.36%
2015	0.0132201%	1,594,487	1,636,133	97.45%	86.45%
2016	0.0107035%	1,853,976	1,468,558	126.24%	81.08%
2017	0.0107242%	2,435,275	1,397,050	174.32%	77.25%
2018	0.0110575%	1,734,709	1,519,392	114.17%	84.66%
2019	0.0112077%	3,069,559	1,490,579	205.93%	74.70%
2020	0.0134170%	2,651,956	1,578,507	168.00%	82.17%
2021	0.0131742%	1,950,809	1,912,900	101.98%	86.88%
2022	0.0133759%	1,163,756	1,887,543	61.65%	92.62%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 191,312	\$ (191,312)	\$ -	\$ 1,471,631	13.00%
2014	196,336	(196,336)	-	1,636,133	12.00%
2015	176,227	(176,227)	-	1,468,558	12.00%
2016	167,646	(167,646)	-	1,397,050	12.00%
2017	197,521	(197,521)	-	1,519,392	13.00%
2018	208,681	(208,681)	-	1,490,579	14.00%
2019	220,991	(220,991)	-	1,578,507	14.00%
2020	267,806	(267,806)	-	1,912,900	14.00%
2021	264,256	(264,256)	-	1,887,543	14.00%
2022	273,219	(273,219)	-	1,951,564	14.00%

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST SIX MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net OPEB Liability/(Asset)	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset)	Wastewater System's Covered Payroll	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0104915%	\$ 1,059,681	\$ 1,397,050	75.85%	54.05%
2018	0.0111868%	1,214,800	1,519,392	79.95%	54.14%
2019	0.0113524%	1,480,082	1,490,579	99.30%	46.33%
2020	0.0136406%	1,884,120	1,578,507	119.36%	47.80%
2021	0.0134645%	(239,880)	1,912,900	(12.54%)	115.57%
2022	0.0136968%	(429,005)	1,887,543	(22.73%)	128.23%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SEVEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 27,941	\$ (27,941)	\$ -	\$ 1,397,050	2.00%
2017	15,193	(15,193)	-	1,519,392	1.00%
2018	-	-	-	1,490,579	0.00%
2019	-	-	-	1,578,507	0.00%
2020	-	-	-	1,912,900	0.00%
2021	-	-	-	1,887,543	0.00%
2022	-	-	-	1,951,564	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST SIX YEARS**

	Wastewater System's Proportion Total OPEB Liability	Wastewater System's Covered- Employee Payroll	Wastewater System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,519,392	18.25%
2018	265,451	1,490,579	17.81%
2019	300,592	1,578,507	19.04%
2020	326,308	1,912,900	17.06%
2021	336,373	1,887,543	17.82%
2022	250,551	1,951,564	12.84%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	2022	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 336,373	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,811	4,488	3,676	2,937	3,100
Interest	5,894	6,348	8,028	9,762	9,412
Difference between expected and actual experience	(1,700)	7,812	4,383	6,383	3,947
Changes in assumptions	(76,850)	9,313	27,073	33,317	(11,462)
Benefit payments	(17,977)	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 250,551</u>	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2022.

Changes in assumptions:

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

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

2020: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

- Change in health care cost trend from 8.5% to 5.5%.
- The Municipal Bond Rate changed from 2.00% to 1.84%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF HAMILTON

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/20/2023

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

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