

City of Circleville Pickaway County, Ohio

Basic Financial Statements

For the Year Ended
December 31, 2021



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CITY OF CIRCLEVILLE
PICKAWAY COUNTY, OHIO
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City of Circleville
Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$6,337,473 from 2020. Net position of governmental activities increased \$4,437,694. Net position of business-type activities increased \$1,899,779.
- Total capital assets increased \$2,918,391 during 2021 compared to 2020. Capital assets of governmental activities increased \$225,361 and capital assets of business-type activities increased \$2,693,030.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the City reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

Using this Annual Financial Report

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

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

Reporting the City of Circleville as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City of Circleville, the general fund is by far the most significant fund. Business-type funds consist of the waterworks operating and sanitary sewer operating funds.

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A question typically asked about the City's finances "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community and economic development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's waterworks operating and sanitary sewer operations are reported as business activities.

Reporting the City of Circleville's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, safety forces tax fund, safety forces .5% income tax fund, park improvement fund, and the capital improvement .4% income tax fund.

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

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

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

The City of Circleville as a Whole

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

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Assets						
Current & Other Assets	\$ 14,148,899	\$ 11,826,866	\$ 2,322,033	\$ 6,938,909	\$ 7,328,779	\$ (389,870)
Net Pension/OPEB Asset	317,964	-	317,964	111,717	-	111,717
Capital Assets	26,711,140	26,485,779	225,361	24,884,597	22,191,567	2,693,030
Total Assets	41,178,003	38,312,645	2,865,358	31,935,223	29,520,346	2,414,877
Deferred Outflows of Resources						
Deferred Charges	-	-	-	45,381	54,458	(9,077)
Pension & OPEB	3,639,676	3,127,279	512,397	232,399	561,356	(328,957)
Total Deferred Outflows of Resources	3,639,676	3,127,279	512,397	277,780	615,814	(338,034)
Liabilities						
Current & Other Liabilities	2,552,198	1,922,915	629,283	371,624	154,948	216,676
Long-Term Liabilities:						
Due Within One Year	800,362	807,712	(7,350)	571,394	571,065	329
Due In More Than One Year:						
Net Pension Liability	10,258,890	10,234,392	24,498	955,964	1,537,042	(581,078)
Net OPEB Liability	1,171,572	3,237,632	(2,066,060)	-	1,042,774	(1,042,774)
Other Amounts	3,049,263	3,582,829	(533,566)	3,434,628	2,285,664	1,148,964
Total Liabilities	17,832,285	19,785,480	(1,953,195)	5,333,610	5,591,493	(257,883)
Deferred Inflows of Resources						
Property Taxes	930,858	900,000	30,858	-	-	-
Pension & OPEB	4,145,676	3,283,278	862,398	1,116,417	681,470	434,947
Total Deferred Inflows of Resources	5,076,534	4,183,278	893,256	1,116,417	681,470	434,947
Net Investment in Capital Assets	23,448,503	22,649,381	799,122	20,938,489	19,543,181	1,395,308
Restricted	6,773,140	5,754,629	1,018,511	-	-	-
Unrestricted	(8,312,783)	(10,932,844)	2,620,061	4,824,487	4,320,016	504,471
Total Net Position	\$ 21,908,860	\$ 17,471,166	\$ 4,437,694	\$ 25,762,976	\$ 23,863,197	\$ 1,899,779

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

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

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

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

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

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

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

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

Capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

The increase in current and other assets for governmental activities was primarily due to increases in equity in pooled cash and investments, intergovernmental receivable, and income taxes receivable. Equity in pooled cash and investments increased primarily due increased income taxes offset by decreases in operating grants and miscellaneous revenues. Intergovernmental receivable increased as a result of a FEMA grant awarded for the purchase of a new fire truck. Income taxes receivable increased as a result of a .5 percent levy increase from 2019 with collections beginning in 2020 and timing of receipts.

Governmental activities saw an increase in non-depreciable capital assets due to several projects started throughout the year. Business-type non-depreciable capital assets saw a large increase primarily due to the continuation of the wastewater aeration project in addition to two large projects started during the year.

The addition of a net OPEB asset, significant decrease in net OPEB liability and increase in deferred inflows for OPEB is related to OPERS changes previously discussed in the financial highlights.

This City also saw an increase in current and other liabilities primarily as a result of increased unearned revenue from the American Rescue Plan Act (ARPA).

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

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 2,235,719	\$ 2,029,835	\$ 205,884	\$ 6,159,568	\$ 4,697,628	\$ 1,461,940
Operating Grants	1,890,481	2,256,641	(366,160)	-	-	-
Capital Grants	246,400	-	246,400	-	-	-
<i>Total Program Revenues</i>	<u>4,372,600</u>	<u>4,286,476</u>	<u>86,124</u>	<u>6,159,568</u>	<u>4,697,628</u>	<u>1,461,940</u>
General Revenues						
Property Taxes	1,073,045	836,058	236,987	-	-	-
Income Taxes	10,023,331	8,304,315	1,719,016	-	-	-
Grants & Entitlements	672,080	597,721	74,359	-	-	-
Other Local Taxes	548,612	323,887	224,725	-	-	-
Miscellaneous	217,638	768,828	(551,190)	16,462	109,365	(92,903)
<i>Total General Revenues</i>	<u>12,534,706</u>	<u>10,830,809</u>	<u>1,703,897</u>	<u>16,462</u>	<u>109,365</u>	<u>(92,903)</u>
<i>Total Revenues</i>	<u>16,907,306</u>	<u>15,117,285</u>	<u>1,790,021</u>	<u>6,176,030</u>	<u>4,806,993</u>	<u>1,369,037</u>
Program Expenses						
General Government	2,514,268	3,712,656	(1,198,388)	-	-	-
Security of Persons and Property	6,833,797	6,268,658	565,139	-	-	-
Public Health	237,676	608,236	(370,560)	-	-	-
Leisure Time Activities	234,265	219,975	14,290	-	-	-
Community and Economic Development	124,789	110,959	13,830	-	-	-
Transportation	2,413,940	2,565,038	(151,098)	-	-	-
Interest and Fiscal Charges	110,877	101,657	9,220	-	-	-
Enterprise Operations:						
Waterworks Operating	-	-	-	1,569,300	1,785,854	(216,554)
Sanitary Sewer Operating	-	-	-	2,706,951	3,088,578	(381,627)
<i>Total Expenses</i>	<u>12,469,612</u>	<u>13,587,179</u>	<u>(1,117,567)</u>	<u>4,276,251</u>	<u>4,874,432</u>	<u>(598,181)</u>
Change in Net Position before Transfers	4,437,694	1,530,106	2,907,588	1,899,779	(67,439)	1,967,218
	-	(8,718)	8,718	-	8,718	(8,718)
<i>Change in Net Position</i>	<u>4,437,694</u>	<u>1,521,388</u>	<u>2,916,306</u>	<u>1,899,779</u>	<u>(58,721)</u>	<u>1,958,500</u>
<i>Net Position Beginning of Year</i>	<u>17,471,166</u>	<u>15,949,778</u>	<u>1,521,388</u>	<u>23,863,197</u>	<u>23,921,918</u>	<u>(58,721)</u>
<i>Net Position End of Year</i>	<u>\$ 21,908,860</u>	<u>\$ 17,471,166</u>	<u>\$ 4,437,694</u>	<u>\$ 25,762,976</u>	<u>\$ 23,863,197</u>	<u>\$ 1,899,779</u>

Governmental Activities

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

General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, income tax and intergovernmental revenues. The City monitors its sources of revenues very closely for fluctuations.

The City saw an increase in capital grants and contributions primarily due to donated capital assets from Pickaway County for the Turner Drive project. Operating grants decreased as a result of decreased Coronavirus Relief grant revenue received by the City compared to 2020. The City also saw an increase in income taxes revenue as a result of an increase of .5 percent levied for the safety forces fund which began collection in 2020. The decrease in miscellaneous revenue is primarily due to a large refund from the Bureau of Workers' Compensation (BWC) received in 2020.

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See financial highlights for explanation of significant decrease in expenses.

Police and fire represent the largest expense of the Governmental Activities. However in 2021, security of persons and property expense increased due to increased expenses with the additional income tax allocation through the safety taxes .5% income tax fund. The police and fire departments operate out of the general fund, the safety forces tax fund and the safety forces .1% income tax fund.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling.

The City also maintains several parks (leisure time services) within the City.

Business-Type Activities

Business-type activities include waterworks and sanitary sewer operations. The revenues are generated primarily from charges for services. In 2021, charges for services accounted for the majority of the business type revenues.

The City's business-type activities saw an increase in overall revenues primarily as a result of the timing of billing resulting from new automatic meter system installed in 2021.

See financial highlights for explanation of significant decrease in expenses.

The City's Funds

Governmental Funds

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

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

	Governmental Funds		
	Fund Balance	Fund Balance	Increase
	12/31/2021	12/31/2020	(Decrease)
General	\$ 1,972,074	\$ 1,639,417	\$ 332,657
Safety Forces Tax	793,693	599,596	194,097
Safety Forces .5% Income Tax	799,526	555,414	244,112
Capital Improvement .4% Income Tax	1,181,586	1,408,987	(227,401)
Park Improvement	(347,825)	-	(347,825)
Other Governmental	3,439,916	2,202,432	1,237,484
Total	\$ 7,838,970	\$ 6,405,846	\$ 1,433,124

The general fund is the chief operating fund of the City. The fund balance of the general fund increased during the current fiscal year primarily due to increases property and other local taxes and income taxes partially offset by increases in overall expenditures as a result of expenditures paid from the general fund that were paid from the CARES Act fund in 2020.

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The safety forces tax fund had an increase in fund balance for 2021 primarily due to the timing of income tax receipts compared to expenditures.

The safety forces .5% income tax fund had an increase in fund balance for 2021 primarily due to the timing of income tax receipts.

The capital improvement .4% income tax fund had a decrease in fund balance for 2021 primarily due to increased transportation expense for 2021 assets offset by increased income taxes.

The park improvement fund had a decrease in fund balance as a result of project expenditures.

Proprietary Funds

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

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

	Enterprise Funds		
	Unrestricted Net Position 12/31/2021	Unrestricted Net Position 12/31/2020	Increase (Decrease)
Waterworks Operating	\$ 2,215,207	\$ 1,659,587	\$ 555,620
Sanitary Sewer Operating	2,609,280	2,660,429	(51,149)
	<u>\$ 4,824,487</u>	<u>\$ 4,320,016</u>	<u>\$ 504,471</u>

Total change in net position for these funds was primarily due to fluctuations in net OPEB asset as previously discussed in the financial highlights. Additionally, these fluctuations resulted in a negative fringe benefits expense reported in the proprietary funds.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

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

Original Budget Compared to Final Budget During the year, the most significant amendment to the City's budget was to increase estimated income taxes as a result of timing of receipts. The most significant variances from original budgeted to final budgeted appropriations was for increased general government and decreased security of persons and property as a result of normal operations.

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Final Budget Compared to Actual Results The most significant differences between estimated revenues and actual revenues were increases to property and local taxes for increases in property values and income taxes from timing of receipts. The most significant variances between estimated expenditures and actual expenditures were for general government, security of persons and property, and community development, which were lower than estimated as a result of conservative spending.

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

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities increased in comparison with prior year-end as a result of capital asset additions and construction in progress for current projects, including the Cedar Heights and Woodland projects. These additions exceeded the current year depreciation.

The City's investment in capital assets for its business-type activities increased in comparison with prior year-end as a result of the capital asset additions and construction in progress for current projects, including the Wastewater Treatment Aeration, and AMI Water Meter System projects, exceeding the current year depreciation.

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

Debt

The City's governmental activities total debt decreased due current year principal payments.

The City's business-type activities total debt increased as a result of new Ohio Water Development Authority (OWDA) loans offset by current year principal payments.

See Notes 9, 10, and 11 for additional details.

Current Issues

On a cash basis, the City of Circleville's municipal income tax base increased in 2021 by 23.5 percent or \$1,867,867. This was a result of growing wages and the COVID-19 economic environment during most of 2020, additional sources of the increases over 2020 are five withholding accounts and one net profit account that are up a total of \$427,586 for 2021 over payments received in 2020. Each of these six accounts have increased at least \$50,000. Also, there are two net profit accounts and one withholding account for which total payments in 2021 are \$104,405 for which no payments were received in 2020.

The 2.5 percent tax is distributed in the following manner: general operations 1.0 percent, .4 percent capital improvements, 1.1 percent safety forces operations. In 2019 voters approved an additional .5 percent municipal income tax dedicated to supporting the operations of the safety forces over the next five years. The 2019 income tax levy increase brings the City's municipal tax rate to 2.5 for the years 2020 to 2024. Municipal Income tax provides 49.88 percent of the operating revenues for general fund operations. The 1.1 percent municipal income tax provides 74.61 percent of the revenues required to fund safety forces expenditures. The voter approved .4 percent capital improvement tax passed in 2015 allowed the City to complete \$1.701 million in street improvements and \$68,979 in park enhancements. The overall employment rate has stabilized but the labor participation rate has increased to well over 50 percent. Wages have increased significantly due to the number of job openings versus the number of people looking for employment. The City's cash balance as a percent of operating revenues grew significantly in 2021. The debt burden for the City continues to remain small.

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In 2021 the City received over \$922,211 in grant dollars. The Municipal Court acquired \$124,752 for probation services, as well as \$16,449 for technology upgrades, the Parks Department received \$45,000 for park acquisition, and the Administration applied for and received through the ARPA \$736,010 in grant funds. Through the ARPA funds the City provided \$100,000 to Pickaway County Community Foundation to be used for community assistance. The availability of grant dollars has allowed the City to accomplish projects beyond its current financial capabilities.

The utility department is in the process of upgrading the wastewater treatment plant aeration system with proceeds from an OWDA loan totaling \$1.3 million.

City departments have used the experience of its staff and facilities to increase charge for service revenues. The Auditor's Office is performing fiscal duties for other entities. The utility department has contracted to serve as the sanitary sewer billing agent for Pickaway County.

The City issued BANS in the amount of \$1,500,000 in November of 2021 for the purpose of constructing improvements to Ted Lewis Park. Construction of said improvements will be completed in 2022.

The City of Circleville entered into a joint economic development agreement (JEDD) with Pickaway Township in 2016. The City of Circleville/Pickaway Township JEDD has created over 300 new jobs in the area. The City received 7 percent of the municipal income tax generated from the JEDD tallying \$43,252. The JEDD area has the potential to double in workforce with the proposed second phase of the plan.

With the completion of the US 23 connector and the extension of South Court Street, retail development continues to expand including a new Starbucks which opened in late 2020. The Hampton Inn opened in September of 2020 and brought additional bed tax revenue of \$134,196 in 2021. Active development plans are underway in the area with the potential of bringing additional retail establishments. Currently under construction is a City Barbeque restaurant. Downtown Circleville continues to flourish with the opening of a novelty shop, liquidation store, and nutrition center.

The City's debt liabilities are budgeted and sufficient revenues are available to meet all debt obligations.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Bidwell, City Auditor, City of Circleville, 133 South Court Street, Circleville, Ohio 43113.

City of Circleville
Pickaway County, Ohio
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 8,467,808	\$ 5,790,175	\$ 14,257,983
Cash and Investments in Segregated Accounts	-	40,394	40,394
Cash and Investments with Fiscal Agents	34,827	-	34,827
Accounts Receivable	60,632	989,428	1,050,060
Intergovernmental Receivable	1,514,469	-	1,514,469
Property and Other Local Taxes Receivable	1,073,545	-	1,073,545
Income Taxes Receivable	2,531,063	-	2,531,063
Payments in Lieu of Taxes Receivable	99,200	-	99,200
Prepaid Items	100,668	17,956	118,624
Materials and Supplies Inventory	161,508	100,956	262,464
Restricted Assets			
Restricted Cash and Cash Equivalents	105,179	-	105,179
Net OPEB Asset	317,964	111,717	429,681
Non-Depreciable Capital Assets	3,327,238	3,754,487	7,081,725
Depreciable Capital Assets, net	23,383,902	21,130,110	44,514,012
<i>Total Assets</i>	<u>41,178,003</u>	<u>31,935,223</u>	<u>73,113,226</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	-	45,381	45,381
Pension	2,424,909	161,585	2,586,494
OPEB	1,214,767	70,814	1,285,581
<i>Total Deferred Outflows of Resources</i>	<u>3,639,676</u>	<u>277,780</u>	<u>3,917,456</u>
Liabilities			
Accounts Payable	138,939	96,980	235,919
Accrued Wages	92,959	27,366	120,325
Contracts Payable	-	145,323	145,323
Payroll Withholdings Payable	105,179	-	105,179
Intergovernmental Payable	130,885	38,057	168,942
Matured Interest Payable	14,831	-	14,831
Matured Bonds Payable	20,000	-	20,000
Matured Compensated Absences Payable	23,596	-	23,596
Refundable Deposits	-	63,898	63,898
Unearned Revenue	525,809	-	525,809
Notes Payable	1,500,000	-	1,500,000
Long-Term Liabilities:			
Due Within One Year	800,362	571,394	1,371,756
Due In More Than One Year:			
Net Pension Liability	10,258,890	955,964	11,214,854
Net OPEB Liability	1,171,572	-	1,171,572
Other Amounts Due in More Than One Year	3,049,263	3,434,628	6,483,891
<i>Total Liabilities</i>	<u>17,832,285</u>	<u>5,333,610</u>	<u>23,165,895</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	930,858	-	930,858
Pension	2,480,467	638,542	3,119,009
OPEB	1,665,209	477,875	2,143,084
<i>Total Deferred Inflows of Resources</i>	<u>5,076,534</u>	<u>1,116,417</u>	<u>6,192,951</u>
Net Position			
Net Investment in Capital Assets	23,448,503	20,938,489	44,386,992
Restricted for:			
Capital Projects	1,340,094	-	1,340,094
Debt Service	16,848	-	16,848
Safety Services	3,168,134	-	3,168,134
Streets	902,746	-	902,746
Community Development	25,142	-	25,142
Other Purposes	1,320,176	-	1,320,176
Unrestricted	(8,312,783)	4,824,487	(3,488,296)
<i>Total Net Position</i>	<u>\$ 21,908,860</u>	<u>\$ 25,762,976</u>	<u>\$ 47,671,836</u>

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,514,268	\$ 1,487,055	\$ 243,718	\$ -	\$ (783,495)	\$ -	\$ (783,495)
Security of Persons and Property	6,833,797	662,276	802,503	-	(5,369,018)	-	(5,369,018)
Public Health	237,676	-	-	-	(237,676)	-	(237,676)
Leisure Time Services	234,265	7,525	21,273	-	(205,467)	-	(205,467)
Community Development	124,789	31,901	16	-	(92,872)	-	(92,872)
Transportation	2,413,940	46,962	822,971	246,400	(1,297,607)	-	(1,297,607)
Interest and Fiscal Charges	110,877	-	-	-	(110,877)	-	(110,877)
Total Governmental Activities	12,469,612	2,235,719	1,890,481	246,400	(8,097,012)	-	(8,097,012)
Business-Type Activities							
Waterworks Operating	1,569,300	2,479,152	-	-	-	909,852	909,852
Sanitary Sewer Operating	2,706,951	3,680,416	-	-	-	973,465	973,465
Total Business-Type Activities	4,276,251	6,159,568	-	-	-	1,883,317	1,883,317
Total	\$ 16,745,863	\$ 8,395,287	\$ 1,890,481	\$ 246,400	(8,097,012)	1,883,317	(6,213,695)
General Revenues							
Property Taxes Levied for:							
General Purposes					915,316	-	915,316
Police, Fire and Community Development					157,729	-	157,729
Income Taxes Levied for:							
General Purposes					3,536,265	-	3,536,265
Debt Service					312,696	-	312,696
Capital Projects					1,968,251	-	1,968,251
Police and Fire					4,206,119	-	4,206,119
Grants and Entitlements not Restricted to Specific Programs					672,080	-	672,080
Payments in Lieu of Taxes					91,614	-	91,614
Other Taxes					548,612	-	548,612
Insurance Recoveries					56,186	-	56,186
Investment Earnings					(41,694)	-	(41,694)
Miscellaneous					111,532	16,462	127,994
Total General Revenues					12,534,706	16,462	12,551,168
Change in Net Position					4,437,694	1,899,779	6,337,473
Net Position Beginning of Year					17,471,166	23,863,197	41,334,363
Net Position End of Year					\$ 21,908,860	\$ 25,762,976	\$ 47,671,836

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Balance Sheet
Governmental Funds
December 31, 2021

	General	Safety Forces Tax Fund	Safety Forces .5 % Income Tax Fund	Capital Improvement .4% Income Tax Fund	Park Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Investments	\$ 1,738,340	\$ 610,218	\$ 756,324	\$ 1,066,456	\$ 1,152,175	\$ 3,144,295	\$ 8,467,808
Cash and Investments with Fiscal Agents	-	-	-	-	-	34,827	34,827
Restricted Cash and Cash Equivalents	105,179	-	-	-	-	-	105,179
Accounts Receivable	60,632	-	-	-	-	-	60,632
Intergovernmental Receivable	338,830	-	-	90,000	-	1,085,639	1,514,469
Property and Other Local Taxes Receivable	896,746	-	-	-	-	176,799	1,073,545
Income Taxes Receivable	795,505	491,054	481,611	390,352	-	372,541	2,531,063
Payments in Lieu of Taxes Receivable	-	-	-	-	-	99,200	99,200
Prepaid Items	38,914	61,754	-	-	-	-	100,668
Materials and Supplies Inventory	11,080	-	-	-	-	150,428	161,508
Total Assets	\$ 3,985,226	\$ 1,163,026	\$ 1,237,935	\$ 1,546,808	\$ 1,152,175	\$ 5,063,729	\$ 14,148,899
Liabilities							
Accounts Payable	\$ 53,386	\$ 1,365	\$ 28,608	\$ 6,728	\$ -	\$ 48,852	\$ 138,939
Accrued Wages	42,245	25,789	13,351	-	-	11,574	92,959
Payroll Withholdings Payable	105,179	-	-	-	-	-	105,179
Intergovernmental Payable	47,047	3,984	63,607	-	-	16,247	130,885
Matured Interest Payable	-	-	-	-	-	14,831	14,831
Matured Bonds Payable	-	-	-	-	-	20,000	20,000
Matured Compensated Absences Payable	-	-	-	-	-	23,596	23,596
Unearned Revenue	-	-	-	-	-	525,809	525,809
Notes Payable	-	-	-	-	1,500,000	-	1,500,000
Total Liabilities	247,857	31,138	105,566	6,728	1,500,000	660,909	2,552,198
Deferred Inflows of Resources							
Property Taxes Levied for the Next Year	796,103	-	-	-	-	134,755	930,858
Unavailable Revenue	969,192	338,195	332,843	358,494	-	828,149	2,826,873
Total Deferred Inflows of Resources	1,765,295	338,195	332,843	358,494	-	962,904	3,757,731
Fund Balances							
Nonspendable	79,251	61,754	-	-	-	150,428	291,433
Restricted	-	731,939	799,526	1,181,586	-	2,699,016	5,412,067
Committed	25,060	-	-	-	-	590,472	615,532
Assigned	919,583	-	-	-	-	-	919,583
Unassigned	948,180	-	-	-	(347,825)	-	600,355
Total Fund Balance	1,972,074	793,693	799,526	1,181,586	(347,825)	3,439,916	7,838,970
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,985,226	\$ 1,163,026	\$ 1,237,935	\$ 1,546,808	\$ 1,152,175	\$ 5,063,729	\$ 14,148,899

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances	\$ 7,838,970
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,711,140
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	\$ 49,713	
Income Tax	1,745,677	
Intergovernmental	829,191	
Special Assessments	60,632	
Payments in Lieu of Taxes	99,200	
Other Local Taxes	42,460	2,826,873

The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability/asset and related deferred inflows/outflows and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB Asset	317,964	
Deferred Outflows - Pension	2,424,909	
Deferred Outflows - OPEB	1,214,767	
Net Pension Liability	(10,258,890)	
Net OPEB Liability	(1,171,572)	
Deferred Inflows - Pension	(2,480,467)	
Deferred Inflows - OPEB	(1,665,209)	(11,618,498)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(2,640,000)	
Capital Facilities Bonds	(258,500)	
Unamortized Bond Premium	(114,855)	
Lease Purchase	(148,567)	
Capital Leases	(215,570)	
Compensated Absences	(472,133)	(3,849,625)

<i>Net Position of Governmental Activities</i>	\$ 21,908,860
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See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General	Safety Forces Tax Fund	Safety Forces .5 % Income Tax Fund	Capital Improvement .4% Income Tax Fund	Park Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Property and Other Local Taxes	\$ 1,259,173	\$ -	\$ -	\$ -	\$ -	\$ 363,600	\$ 1,622,773
Income Taxes	3,100,842	1,914,101	1,862,742	1,527,035	-	1,501,668	9,906,388
Payments in Lieu of Taxes	-	-	-	-	-	54,056	54,056
Special Assessments	6,788	-	-	-	-	-	6,788
Charges for Services	483,019	621,209	-	-	-	41,412	1,145,640
Licenses and Permits	40,629	-	-	-	-	-	40,629
Fines and Forfeitures	539,899	-	-	-	-	519,072	1,058,971
Intergovernmental	636,951	-	-	45,000	-	1,741,633	2,423,584
Investment Income	(42,485)	-	-	-	-	2,797	(39,688)
Contributions and Donations	13,550	10,494	-	-	-	21,235	45,279
Miscellaneous	46,871	4,657	37	18,224	-	41,743	111,532
Total Revenues	6,085,237	2,550,461	1,862,779	1,590,259	-	4,287,216	16,375,952
Expenditures							
Current:							
General Government	2,829,540	-	-	-	-	791,340	3,620,880
Security of Persons and Property	2,293,180	2,356,364	1,512,305	-	-	724,928	6,886,777
Public Health	237,631	-	-	-	-	45	237,676
Leisure Time Services	122,087	-	-	3,500	348,551	2,504	476,642
Community Development	11,417	-	-	-	-	110,000	121,417
Transportation	240,924	-	-	1,605,576	-	892,939	2,739,439
Capital Outlay	-	-	28,608	143,105	-	58,755	230,468
Debt Service:							
Principal Retirement	13,779	-	74,309	61,100	-	402,678	551,866
Interest and Fiscal Charges	4,022	-	3,445	4,379	-	122,729	134,575
Total Expenditures	5,752,580	2,356,364	1,618,667	1,817,660	348,551	3,105,918	14,999,740
Excess of Revenues Over (Under) Expenditures	332,657	194,097	244,112	(227,401)	(348,551)	1,181,298	1,376,212
Other Financing Sources							
Insurance Recoveries	-	-	-	-	-	56,186	56,186
Premium on Debt Issued	-	-	-	-	726	-	726
Total Other Financing Sources	-	-	-	-	726	56,186	56,912
Net Change in Fund Balances	332,657	194,097	244,112	(227,401)	(347,825)	1,237,484	1,433,124
Fund Balances Beginning of Year	1,639,417	599,596	555,414	1,408,987	-	2,202,432	6,405,846
Fund Balances End of Year	\$ 1,972,074	\$ 793,693	\$ 799,526	\$ 1,181,586	\$ (347,825)	\$ 3,439,916	\$ 7,838,970

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

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

Net Change in Fund Balances - Total Governmental Funds		\$ 1,433,124
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 1,859,102	
Current Year Depreciation	<u>(1,633,741)</u>	225,361
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(402)	
Income Tax	116,943	
Intergovernmental	91,692	
Special Assessments	(16,309)	
Payments in Lieu of Taxes	37,558	
Other Local Taxes	<u>(714)</u>	228,768
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	140,000	
Capital Facilities Bonds	183,100	
Lease Purchase	176,987	
Capital Lease	<u>51,779</u>	551,866
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		22,972
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,119,314	
OPEB	<u>17,260</u>	1,136,574
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(846,992)	
OPEB	<u>1,719,943</u>	872,951
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(33,922)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 4,437,694</u></u>
See accompanying notes to the basic financial statements.		

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property and Other Local Taxes	950,300	1,006,442	1,222,276	215,834
Income Taxes	2,541,342	2,678,077	3,029,443	351,366
Special Assessments	19,000	19,000	6,788	(12,212)
Charges for Services	460,441	482,242	483,019	777
Licenses and Permits	36,800	37,659	40,629	2,970
Fines and Forfeitures	490,800	515,387	544,745	29,358
Intergovernmental	440,000	468,510	631,661	163,151
Investment Income	169,575	172,277	59,865	(112,412)
Contributions and Donations	-	612	13,550	12,938
Miscellaneous	5,000	6,845	40,879	34,034
Total Revenues	5,113,258	5,387,051	6,072,855	685,804
Expenditures				
Current:				
General Government	3,009,714	3,214,221	2,776,254	437,967
Security of Persons and Property	2,572,150	2,445,589	2,320,821	124,768
Public Health	239,882	239,882	237,631	2,251
Leisure Time Services	114,600	145,100	126,249	18,851
Community Development	78,853	121,486	11,675	109,811
Transportation	377,850	292,815	234,058	58,757
Debt Service:				
Principal Retirement	13,779	13,779	13,779	-
Interest and Fiscal Charges	4,022	4,022	4,022	-
Total Expenditures	6,410,850	6,476,894	5,724,489	752,405
Excess of Revenues Over (Under) Expenditures	(1,297,592)	(1,089,843)	348,366	1,438,209
Other Financing Uses				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Total Other Financing Uses	(40,000)	(40,000)	(40,000)	-
Net Change in Fund Balance	(1,337,592)	(1,129,843)	308,366	1,438,209
Fund Balance Beginning of Year	1,351,227	1,351,227	1,351,227	-
Fund Balance End of Year	\$ 13,635	\$ 221,384	\$ 1,659,593	\$ 1,438,209

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Safety Forces Tax Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$ 1,521,162	\$ 1,695,429	\$ 1,870,027	\$ 174,598
Charges for Services	516,922	574,812	621,209	46,397
Contributions and Donations	147	1,125	10,494	9,369
Miscellaneous	5,065	5,499	4,657	(842)
Total Revenues	<u>2,043,296</u>	<u>2,276,865</u>	<u>2,506,387</u>	<u>229,522</u>
Expenditures				
Current:				
Security of Persons and Property	2,640,837	3,569,915	2,493,717	1,076,198
Total Expenditures	<u>2,640,837</u>	<u>3,569,915</u>	<u>2,493,717</u>	<u>1,076,198</u>
Net Change in Fund Balance	(597,541)	(1,293,050)	12,670	1,305,720
Fund Balance Beginning of Year	<u>597,548</u>	<u>597,548</u>	<u>597,548</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 7</u>	<u>\$ (695,502)</u>	<u>\$ 610,218</u>	<u>\$ 1,305,720</u>

See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Safety Forces .5% Income Tax Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	1,535,095	1,768,660	1,831,737	63,077
Miscellaneous	1	6	37	31
<i>Total Revenues</i>	<u>1,535,096</u>	<u>1,768,666</u>	<u>1,831,774</u>	<u>63,108</u>
Expenditures				
Current:				
Security of Persons and Property	1,776,736	1,507,017	1,435,347	71,670
Debt Service:				
Principal Retirement	74,309	74,309	74,309	-
Interest and Fiscal Charges	3,445	3,445	3,445	-
<i>Total Expenditures</i>	<u>1,854,490</u>	<u>1,584,771</u>	<u>1,513,101</u>	<u>71,670</u>
<i>Net Change in Fund Balance</i>	(319,394)	183,895	318,673	134,778
<i>Fund Balance Beginning of Year</i>	<u>437,650</u>	<u>437,650</u>	<u>437,650</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 118,256</u>	<u>\$ 621,545</u>	<u>\$ 756,323</u>	<u>\$ 134,778</u>

See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	Enterprise Funds		
	Waterworks Operating	Sanitary Sewer Operating	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Investments	\$ 2,563,595	\$ 3,162,682	\$ 5,726,277
Cash and Investments in Segregated Accounts	1,440	38,954	40,394
Accounts Receivable	399,313	590,115	989,428
Prepaid Items	11,980	5,976	17,956
Materials and Supplies Inventory	93,603	7,353	100,956
Total Current Assets	3,069,931	3,805,080	6,875,011
<i>Non-Current Assets:</i>			
Restricted Assets:			
Equity in Pooled Cash and Investments	31,949	31,949	63,898
Net OPEB Asset	34,374	77,343	111,717
Non-Depreciable Capital Assets	931,289	2,823,198	3,754,487
Depreciable Capital Assets, Net	9,093,285	12,036,825	21,130,110
Total Non-Current Assets	10,090,897	14,969,315	25,060,212
Total Assets	13,160,828	18,774,395	31,935,223
Deferred Outflows of Resources			
Deferred Charges on Refunding	19,285	26,096	45,381
Pension	42,086	119,499	161,585
OPEB	17,457	53,357	70,814
Total Deferred Outflows of Resources	78,828	198,952	277,780
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	34,907	62,073	96,980
Accrued Wages	10,117	17,249	27,366
Contracts Payable	-	145,323	145,323
Intergovernmental Payable	14,344	23,713	38,057
Compensated Absences Payable	43,290	35,698	78,988
OPWC Loans Payable	-	45,716	45,716
OWDA Loans Payable	-	271,690	271,690
General Obligation Bonds Payable	75,000	100,000	175,000
Refundable Deposits	31,949	31,949	63,898
Total Current Liabilities	209,607	733,411	943,018
<i>Long-Term Liabilities:</i>			
Compensated Absences Payable - Net of Current Portion	48,401	39,612	88,013
OPWC Loans Payable - Net of Current Portion	-	719,353	719,353
OWDA Loans Payable - Net of Current Portion	612,856	827,747	1,440,603
General Obligation Bonds Payable - Net of Current Portion	497,583	689,076	1,186,659
Net Pension Liability	294,143	661,821	955,964
Total Long-Term Liabilities	1,452,983	2,937,609	4,390,592
Total Liabilities	1,662,590	3,671,020	5,333,610
Deferred Inflows of Resources			
Pension	299,033	339,509	638,542
OPEB	209,531	268,344	477,875
Total Deferred Inflows of Resources	508,564	607,853	1,116,417
Net Position			
Net Investment in Capital Assets	8,853,295	12,085,194	20,938,489
Unrestricted	2,215,207	2,609,280	4,824,487
Total Net Position	\$ 11,068,502	\$ 14,694,474	\$ 25,762,976

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise		
	Waterworks Operating	Sanitary Sewer Operating	Total
Operating Revenues			
Charges for Services	\$ 2,479,152	\$ 3,680,416	\$ 6,159,568
Other	16,462	-	16,462
<i>Total Operating Revenues</i>	<u>2,495,614</u>	<u>3,680,416</u>	<u>6,176,030</u>
Operating Expenses			
Personal Services	538,481	920,682	1,459,163
Fringe Benefits	(323,010)	(374,075)	(697,085)
Contractual Services	856,200	1,413,092	2,269,292
Materials and Supplies	104,779	99,265	204,044
Depreciation	357,371	514,233	871,604
Other	11,128	14,363	25,491
<i>Total Operating Expenses</i>	<u>1,544,949</u>	<u>2,587,560</u>	<u>4,132,509</u>
<i>Operating Income</i>	<u>950,665</u>	<u>1,092,856</u>	<u>2,043,521</u>
Non-Operating Expenses			
Loss on Sale of Capital Assets	(7,811)	(96,812)	(104,623)
Interest and Fiscal Charges	(16,540)	(22,579)	(39,119)
<i>Total Non-Operating Expenses</i>	<u>(24,351)</u>	<u>(119,391)</u>	<u>(143,742)</u>
<i>Change in Net Position</i>	926,314	973,465	1,899,779
<i>Net Position Beginning of Year</i>	<u>10,142,188</u>	<u>13,721,009</u>	<u>23,863,197</u>
<i>Net Position End of Year</i>	<u>\$ 11,068,502</u>	<u>\$ 14,694,474</u>	<u>\$ 25,762,976</u>

See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds		
	Waterworks Operating	Sanitary Sewer Operating	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 2,356,434	\$ 3,006,292	\$ 5,362,726
Cash on Behalf of Pickaway County Sewer District	-	475,856	475,856
Cash Received from Other Operating Receipts	16,462	-	16,462
Cash Payments to Suppliers for Goods and Services	(93,197)	(96,850)	(190,047)
Cash Payments to Employees for Services and Benefits	(625,322)	(1,074,585)	(1,699,907)
Cash Payments for Contractual Services	(833,178)	(927,589)	(1,760,767)
Cash Paid to Pickaway County Sewer District	-	(470,630)	(470,630)
Other Cash Payments	(4,265)	(7,500)	(11,765)
Net Cash Provided by Operating Activities	816,934	904,994	1,721,928
Cash Flows from Capital and Related Financing Activities			
Proceeds of OWDA Loans	605,866	1,024,302	1,630,168
Acquisition of Capital Assets	(1,277,155)	(2,252,835)	(3,529,990)
Principal Payments on Debt	(75,000)	(412,406)	(487,406)
Interest Payments on Debt	(9,210)	(16,895)	(26,105)
Net Cash Used for Capital and Related Financing Activities	(755,499)	(1,657,834)	(2,413,333)
Net Increase (Decrease) in Cash and Investments	61,435	(752,840)	(691,405)
Cash and Investments Beginning of Year	2,535,549	3,986,425	6,521,974
Cash and Investments End of Year	\$ 2,596,984	\$ 3,233,585	\$ 5,830,569
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 950,665	\$ 1,092,856	\$ 2,043,521
Adjustments:			
Depreciation	357,371	514,233	871,604
(Increase) Decrease in Assets and Deferred Outflows:			
Accounts Receivable	(121,970)	(197,520)	(319,490)
Prepaid Items	1,447	2,359	3,806
Materials and Supplies Inventory	11,658	2,491	14,149
Net OPEB Asset	(34,374)	(77,343)	(111,717)
Deferred Outflows - Pension/OPEB	142,332	186,625	328,957
Increase (Decrease) in Liabilities and Deferred Inflows:			
Accounts Payable	27,542	18,977	46,519
Accrued Wages	2,677	4,174	6,851
Intergovernmental Payable	10,590	14,945	25,535
Refundable Deposits	(748)	(748)	(1,496)
Compensated Absences Payable	6,315	(3,721)	2,594
Deferred Inflows - Pension/OPEB	136,717	298,230	434,947
Net Pension Liability	(282,248)	(298,830)	(581,078)
Net OPEB Liability	(391,040)	(651,734)	(1,042,774)
Net Cash Provided by Operating Activities	\$ 816,934	\$ 904,994	\$ 1,721,928

Noncash Capital Financing Activities:

The City purchased \$3,423 and \$2,633 of capital assets on account in the waterworks operating and sanitary sewer operating funds, respectively, in 2020.
The City purchased \$145,323 of capital assets on account in the waterworks operating fund in 2021.
The City capitalized interest on OWDA debt in the amount of \$6,990 and \$5,280 in the waterworks operating and sanitary sewer operating funds, respectively, in 2021.

See accompanying notes to the basic financial statements.

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial
Assets		
Equity in Pooled Cash and Investments	\$ 7,889	\$ 22,977
Cash and Investments in Segregated Accounts	3,000	88,067
<i>Total Assets</i>	<u>10,889</u>	<u>111,044</u>
Liabilities		
Intergovernmental Payable	-	85,949
<i>Total Liabilities</i>	<u>-</u>	<u>85,949</u>
Net Position		
Restricted for Private Purposes	10,889	-
Restricted for Other Governments	-	25,095
<i>Total Net Position</i>	<u>\$ 10,889</u>	<u>\$ 25,095</u>

See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Private Purpose Trust	Custodial
Additions		
Interest	\$ 40	\$ -
Intergovernmental	-	78,644
Amounts Received as Fiscal Agent	-	631,701
Licenses, Permits & Fees for Other Governments	-	664,642
Fines & Forfeitures for Other Governments	-	28,525
Total Additions	40	1,403,512
Deductions		
Distributions as Fiscal Agent	-	618,045
Licenses, Permits & Fees Distributions to Other Governments	-	668,437
Fines & Forfeitures Distributions to Other Governments	-	104,080
Total Deductions	-	1,390,562
Change in Net Position	40	12,950
Net Position Beginning of Year	10,849	12,145
Net Position End of Year	\$ 10,889	\$ 25,095

See accompanying notes to the basic financial statements.

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Circleville (the “City”) is a non-chartered municipal corporation operating under the laws of the State of Ohio. The community was established in 1810 as part of Circleville Township; it became a Village in 1811 before becoming a City in 1814. The municipal government is known as a Council/Mayor form of government. Legislative power is vested in an eight-member Council: four members elected by wards, three elected at large, and an elected President, who only votes in the case of a tie. The Mayor is the chief executive officer and the head of the administrative agencies of the City. He/she appoints all department heads and employees, with the exception of the following: the elected City Auditor, who appoints the Deputy Auditor, the elected Director of Law who appoints the Assistant Law Director, and the elected Treasurer.

Reporting Entity

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

The primary government of the City consists of all funds, departments and activities which are not legally separate from the City. They comprise the City’s legal entity which provides various services including public safety, planning, zoning, street maintenance and repair, parks and recreation, community development, public health and welfare, and water and sewer treatment. Administrative staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

The City is associated with two organizations which are defined as a jointly governed organization.

Pickaway Progress Partnership

The Pickaway Progress Partnership (P³) was created as a not-for-profit corporation under Section 1724.01 et. seq., Ohio Revised Code. P³ is governed by a 15 member Board of Trustees, three of which are elected or appointed officials of the City, three are appointed by Pickaway County, one is a representative of the North Gate Alliance Cooperative Economic Development Agreement, and eight are volunteer citizens. P³ is the economic development agent for Pickaway County and its municipalities. P³ has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. Because P³ is subject to joint control and the participants have no equity interest in P³, P³ is a jointly governed organization of the City.

Joint Economic Development District

In 2016, the City and Pickaway Township entered into a contract to create and provide for the operation of the City of Circleville-Pickaway Township Joint Economic Development District (JEDD). The JEDD is a not for profit Community Improvement Corporation formed under Sections 715.72 through 715.81 of the Ohio Revised Code. The JEDD was designated as the economic development agent for the City of Circleville and Pickaway Township. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the Township, the City and the JEDD. The JEDD is administered by a Board of locally appointed officials and local business leaders. The JEDD is not dependent upon the City of Circleville for its existence.

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has no component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

B. Fund Accounting

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

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

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

Safety Forces Tax Fund – This fund accounts for and reports the one-half percent voted income tax and charges for services restricted for safety purposes.

Special Forces .5% Income Tax Fund – This fund accounts for and reports an additional one-half percent voted income tax restricted for safety purposes expiring in 2024.

Capital Improvement .4% Income Tax Fund – This fund accounts for and reports the portion of the voted income tax which is restricted for capital projects as approved by Council.

Park Improvement Fund – This capital project fund accounts for and reports all revenues and expenditures for park improvements.

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net position, and cash flows. The City's proprietary funds are enterprise funds:

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

Waterworks Operating Fund – This fund is used to account for the provision of water service to the residents and businesses of the City.

Sanitary Sewer Operating Fund – This fund is used to account for the provision of sanitary sewer service to the residents and businesses 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: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

degree of management involvement and the length of time that the resources are held. The City has one private purpose trust fund which is used to account for the money set aside to be donated to charities as authorized in the will of Josie Renick. The City has five custodial funds which are used to account for monies held for individuals and organizations for fines and forfeitures and to account for assets held by the City as fiscal agent for the Joint Economic Development District (JEDD), which is used to account for monies held for individuals and organizations for income taxes.

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

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. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), and grants.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

E. Cash and Investments

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each share of the pool is presented on the financial statements in the account "Equity in Pooled Cash and Investments."

Cash and cash equivalents that are held separately within departments of the City and not held with the City Treasurer are recorded as "Cash and Investments in Segregated Accounts." The City also utilizes a financial institution to service bonded debt as principal and interest payments come due. This balance is presented as "Cash and Investments with Fiscal Agents." The City also utilizes a financial institution to hold cash in escrow for lease proceeds. This balance is presented as "Cash and Cash Equivalents with Escrow Agents."

During the year, investments were limited to money market mutual funds, Federal Home Loan Bank Bonds, and negotiable certificates of deposit.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2021 amounted to (\$42,485), which includes (\$37,232) assigned from other funds.

Investments with an original maturity of three months or less at the time of are reported as investments on the financial statements.

F. Materials and Supplies Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, 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.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit payable liability account.

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

I. Capital Assets

General capital assets are capital assets that are associated with and generally rise from governmental activities. These assets generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 25 years
Buildings and Improvements	20 - 50 years
Machinery and Equipment	7 - 20 years
Vehicles	5 - 20 years
Infrastructure	10 - 75 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks, street lighting, storm sewers, and water and sewer lines. In the initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date.

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences

No assurance is provided on these financial statements.

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Unamortized Bond Premium

Bond premiums are presented as an increase to the face amount of the bonds payable. On the governmental fund financial statements, premiums are recorded when received/paid.

N. Net Position

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

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

O. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the City include prepaid items and inventory.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. The City Council has by resolution authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and utility services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Q. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

City of Circleville
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Notes to the Basic Financial Statements
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R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

S. 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Budgetary Process

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

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

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

U. Contributions of Capital

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

V. Unearned Revenue

Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. The unearned revenue reported represents grants received from the American Rescue Plan Act funding.

City of Circleville
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Notes to the Basic Financial Statements
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W. Implementation of New Accounting Principles

For the year ended December 31, 2021, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the City.

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

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	General	Safety Forces Tax	Safety Forces .5% Income Tax
GAAP Basis	\$ 332,657	\$ 194,097	\$ 244,112
Net Adjustment for Revenue Accruals	(6,357)	(44,074)	(31,005)
Net Adjustment for Expenditure Accruals	12,573	(137,353)	105,566
Funds Budgeted Elsewhere *	(30,507)	-	-
Budget Basis	<u>\$ 308,366</u>	<u>\$ 12,670</u>	<u>\$ 318,673</u>

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the sick leave fund, unclaimed revenue fund, and municipal court unclaimed money fund.

NOTE 4: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into two categories, active and inactive.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

No assurance is provided on these financial statements.

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3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Time certificates of deposit or savings or deposit accounts, including but not limited to passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Under limited circumstances, corporate note interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons:
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Cash on Hand - At year-end, the City had \$318 undeposited cash on hand which is included as part of "equity in pooled cash and investments."

Deposits - At year-end, \$7,334,445 of the City's bank balance was exposed to custodial risk as discussed above. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

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- (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or
- (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

Segregated Cash - Various municipal court accounts and a private purpose trust are recorded in fiduciary funds of the City and the customer deposits and Pickaway County Utility accounts of the business-type activities are maintained separately from the City's deposits. The carrying amount of these deposits are reported as "Cash and Investments in Segregated Accounts." The bank balances are covered by Federal depository insurance as previously discussed.

Cash with Fiscal Agent - The bond and coupon account, which is recorded in the general obligation bond retirement fund of the governmental activities, is maintained separately from the City's deposits. The carrying amount of the deposits is reported as "Cash and Investments with Fiscal Agents." The bank balance as of December 31, 2021 was \$34,827, which was covered by Federal depository insurance.

Investments

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

Rating	Investment	Measurement Amount	Investment Maturities in Months			% of Investments
			0-12	13-36	Over 36	
	Net Asset Value (NAV):					
AAAm	Federated Government Obligation Fund	\$ 61,141	\$ 61,141	\$ -	\$ -	0.86%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	4,696,305	1,000,483	2,963,584	732,238	65.82%
Aa2	Municipal Bonds	501,170	501,170	-	-	7.03%
AA+	Federal Home Loan Mortgage	1,875,404	-	-	1,875,404	26.29%
	Total	<u>\$ 7,134,020</u>	<u>\$ 1,562,794</u>	<u>\$ 2,963,584</u>	<u>\$ 2,607,642</u>	<u>100.00%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2021. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. The investment portfolio should be diversified in order to avoid incurring potential losses regarding individual securities, which may not be held to maturity, whether by erosion of market value or change in market conditions. Unless matched to a specific obligation or debt of the City, the City will not directly invest in securities maturing more than six years from the date of investment.

Credit Risk: The City's investment policy limits investments to those authorized by State statute which restricts investments to those that are highly rated or backed by the enterprises of the United States Government.

Concentration of Credit Risk: The City's investment policy limits the City's investments to the following: no more than 50 percent of the investment portfolio, excluding working cash, shall be deposited in any one financial institution; 100 percent of the investment portfolio may be invested in securities guaranteed by the United States, or those securities for which the full faith of the United States is pledged for the payment of principal and interest; 100 percent of the investment portfolio may be invested in Time Certificates of Deposits, Savings, or Deposit Accounts which have been fully collateralized; no more than 50 percent of the total investment portfolio may be invested in bonds and other obligations of this State; no more than 50 percent of the total investment portfolio may be invested in securities issued by any federal government agency or instrumentality; and no more than 25 percent of the total investment portfolio may be invested in no-load money market mutual funds consisting exclusively of government securities or repurchase agreements secured by government securities. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 5: RECEIVABLES

Receivables at December 31, 2021, consisted of accrued interest, accounts for weed and litter assessments, billed charges for utilities, intergovernmental receivables, and taxes. All receivables are considered fully collectible, including water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

NOTE 6: MUNICIPAL INCOME TAX

The City levies and collects a one percent unvoted income tax and a one percent voted income tax on all income 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 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilized the Regional Income Tax Agency (RITA) for the collection of income taxes.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2021, the proceeds were allocated to the General Fund, the Income Tax Fund, the Safety Forces Tax Fund, the Safety Forces .1% Tax Fund, the General Obligation Bond Retirement Fund, the Capital Improvement .4% Tax Fund and the Capital Improvement Fund. The City also receipts .5% income tax to the Safety Forces .5% Income Tax Fund as voted.

No assurance is provided on these financial statements.

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For the Year Ended December 31, 2021

NOTE 7: PROPERTY TAX

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

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$4.00 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
<i>Real Property</i>	
Agricultural/Residential	\$ 196,783,310
Commercial/Industrial/Mineral	63,448,300
Public Utility Real	70,670
<i>Tangible Personal Property</i>	
Public Utility	4,209,380
Total Assessed Value	<u>\$ 264,511,660</u>

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

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For the Year Ended December 31, 2021

NOTE 8: CAPITAL ASSETS

A summary of changes in capital assets during 2021 follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 2,078,972	\$ -	\$ -	\$ 2,078,972
Construction in Progress	141,186	1,208,506	(101,426)	1,248,266
<i>Total Capital Assets, Not Being Depreciated</i>	<u>2,220,158</u>	<u>1,208,506</u>	<u>(101,426)</u>	<u>3,327,238</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,020,224	-	-	1,020,224
Buildings and Improvements	7,946,698	-	-	7,946,698
Machinery and Equipment	3,656,754	53,006	-	3,709,760
Vehicles	2,636,016	10,300	(29,500)	2,616,816
Infrastructure	44,545,928	688,716	-	45,234,644
<i>Total Capital Assets, Being Depreciated</i>	<u>59,805,620</u>	<u>752,022</u>	<u>(29,500)</u>	<u>60,528,142</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(876,894)	(29,218)	-	(906,112)
Buildings and Improvements	(4,041,668)	(193,590)	-	(4,235,258)
Machinery and Equipment	(2,435,734)	(225,171)	-	(2,660,905)
Vehicles	(1,926,621)	(120,479)	29,500	(2,017,600)
Infrastructure	(26,259,082)	(1,065,283)	-	(27,324,365)
<i>Total Accumulated Depreciation</i>	<u>(35,539,999)</u>	<u>(1,633,741)</u>	<u>29,500</u>	<u>(37,144,240)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>24,265,621</u>	<u>(881,719)</u>	<u>-</u>	<u>23,383,902</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$26,485,779</u>	<u>\$ 326,787</u>	<u>\$ (101,426)</u>	<u>\$26,711,140</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 133,369
Security of Persons and Property	304,086
Transportation	1,110,757
Community Development	3,004
Leisure Time Services	82,525
Total Depreciation Expense	<u><u>\$ 1,633,741</u></u>

No assurance is provided on these financial statements.

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For the Year Ended December 31, 2021

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Business-Type Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 149,180	\$ -	\$ -	\$ 149,180
Construction in Progress	764,452	3,323,363	(482,508)	3,605,307
<i>Total Capital Assets, Not Being Depreciated</i>	913,632	3,323,363	(482,508)	3,754,487
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	380,653	-	-	380,653
Buildings and Improvements	15,188,626	85,172	(160,934)	15,112,864
Machinery and Equipment	1,329,634	92,472	(5,662)	1,416,444
Vehicles	645,758	30,000	(14,200)	661,558
Infrastructure	25,157,192	620,758	(94,161)	25,683,789
<i>Total Capital Assets, Being Depreciated</i>	42,701,863	828,402	(274,957)	43,255,308
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(330,766)	(2,895)	-	(333,661)
Buildings and Improvements	(11,004,189)	(361,226)	88,075	(11,277,340)
Machinery and Equipment	(774,856)	(88,408)	5,662	(857,602)
Vehicles	(301,243)	(35,468)	14,200	(322,511)
Infrastructure	(9,012,874)	(383,607)	62,397	(9,334,084)
<i>Total Accumulated Depreciation</i>	(21,423,928)	(871,604)	170,334	(22,125,198)
<i>Total Capital Assets Being Depreciated, Net</i>	21,277,935	(43,202)	(104,623)	21,130,110
<i>Total Business-Type Activities Capital Assets, Net</i>	\$ 22,191,567	\$ 3,280,161	\$ (587,131)	\$ 24,884,597

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City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 9: LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 2021, were as follows:

	Balance 12/31/2020	Additions	(Reductions)	Balance 12/31/2021	Due in One Year
Governmental Activities:					
<u>General Obligation Bonds</u>					
2017 - Various Purpose Refunding Bonds \$2,955,000					
Term Bonds 4.00%	\$ 1,565,000	\$ -	\$ -	\$ 1,565,000	\$ -
Serial Bonds 2.00% - 2.25%	1,040,000	-	(120,000)	920,000	125,000
Premium on Bonds	137,827	-	(22,972)	114,855	-
2017 - Various Purpose Refunding Bonds \$215,000					
Serial Bonds 2.00% - 2.25%	175,000	-	(20,000)	155,000	20,000
Total General Obligation Bonds	2,917,827	-	(162,972)	2,754,855	145,000
<u>Direct Placements</u>					
2017 - Capital Facilities Bonds \$592,000	247,000	-	(122,000)	125,000	125,000
2019 - Capital Facilities Bond \$306,000	194,600	-	(61,100)	133,500	64,800
Total Direct Placements	441,600	-	(183,100)	258,500	189,800
<u>Direct Borrowing</u>					
Lease Purchases	325,554	-	(176,987)	148,567	148,567
<u>Other Long-Term Obligations:</u>					
Capital Lease	267,349	-	(51,779)	215,570	52,611
Compensated Absences	438,211	289,768	(255,846)	472,133	264,384
Net Pension/OPEB Liability	13,472,024	24,498	(2,066,060)	11,430,462	-
Total Other Long-Term Obligations	14,177,584	314,266	(2,373,685)	12,118,165	316,995
Total Governmental Activities	\$ 17,862,565	\$ 314,266	\$ (2,896,744)	\$ 15,280,087	\$ 800,362
Business-Type Activities:					
<u>General Obligation Bonds</u>					
2017 - Various Purpose Refunding Bonds \$1,850,000					
Serial Bonds 2.00% - 4.00%	\$ 1,490,000	\$ -	\$ (170,000)	\$ 1,320,000	\$ 175,000
Premium on Bonds	49,992	-	(8,333)	41,659	-
Total General Obligation Bonds	1,539,992	-	(178,333)	1,361,659	175,000
<u>Direct Borrowings</u>					
<u>OPWC Loans:</u>					
OPWC Force Lift Station Loan	75,067	-	(4,843)	70,224	4,843
OPWC WWTP Influent Pump Loan	735,718	-	(40,873)	694,845	40,873
Total OPWC Loans	810,785	-	(45,716)	765,069	45,716
<u>OWDA Loans</u>					
OWDA - WWTP Aeration System Improvemtns	341,545	599,481	(271,690)	669,336	271,690
OWDA - Well No. 6*	-	182,754	-	182,754	-
OWDA - Advance Metering Infrastructure*	-	860,203	-	860,203	-
Total OWDA Loans	341,545	1,642,438	(271,690)	1,712,293	271,690
Total Direct Borrowings	1,152,330	1,642,438	(317,406)	2,477,362	317,406
<u>Other Long-Term Obligations</u>					
Compensated Absences	164,407	86,253	(83,659)	167,001	78,988
Net Pension/OPEB Liability	2,579,816	-	(1,623,852)	955,964	-
Total Other Long-Term Obligations	2,744,223	86,253	(1,707,511)	1,122,965	78,988
Total Business-Type Activities	\$ 5,436,545	\$ 1,728,691	\$ (2,203,250)	\$ 4,961,986	\$ 571,394

*These loans are not fully drawn down and have no amortization schedule. Therefore, they are not included in the amortization tables below.

No assurance is provided on these financial statements.

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2017 Various Purpose Refunding Bonds

On September 6, 2017, the City issued \$5,020,000 in general obligation bonds for the purpose of financing an advance refunding of the remaining balances on the 2008 Various Purpose Bonds and to finance a current refunding for the 2016 Capital Facilities Bond Anticipation Note for the US Route 23 Connector. The difference between the amount of the refunding bond issue and the total of the outstanding principal on the debt issue refunded was used to pay for issuance costs, interest due at the time of refunding, and the amount paid to the escrow agent above the principal outstanding.

The bonds were issued for a 20 year period with final maturity on December 1, 2037. \$3,170,000 was issued as governmental activities general obligation bonds and \$1,850,000 was issued as business-type activities general obligation bonds. All are direct obligations and pledge the full faith and credit of the City for repayment. Bond payments relating to the governmental activities general obligation bonds are paid with income taxes from the general obligation bond retirement fund. Bond payments relating to the business-type activities general obligation bonds are paid from revenues from the operations of the water and sewer systems.

The term bonds, issued at \$1,565,000 maturing on December 1, 2037, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

	<u>Principal</u>
2029	\$ 150,000
2030	155,000
2031	160,000
2032	165,000
2033	175,000
2034	180,000
2035	185,000
2036	195,000
2037	<u>200,000</u>
Total	<u>\$ 1,565,000</u>

The serial bonds, issued at \$3,455,000 with a maturity on or after December 1, 2027, are subject to optional redemption, in whole or in part, on any date at the option of the issuer on or after December 1, 2026, at the redemption price of 100 percent. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$357,596. The issuance resulted in an economic gain of \$404,076.

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

Direct Placements

2017 Capital Facilities Bonds

On May 31, 2017, the City issued Capital Facilities Term Bonds for the purpose of remodeling the City building, which includes police and municipal court operations. The bonds bear an interest rate of 2.09 percent and mature on December 1, 2022. The 2017 Capital Facilities Term Bonds will be retired from the legal computer and maintenance fund.

No assurance is provided on these financial statements.

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The City is required to make mandatory sinking fund deposits (consisting of cash and/or U.S. Treasury obligations) on December 1, in the following years and in the following amounts:

December 1	
of Year	Amount Due
2022	<u>\$ 125,000</u>

2019 Capital Facilities Bonds

On June 20, 2019, the City issued the Capital Facilities Term Bonds for the purpose of paying the costs of acquiring real estate for park purposes. The bonds bear an interest rate of 2.25 percent and mature on December 1, 2023. The 2019 Capital Facilities Term Bonds will be retired from the capital improvement .4% Income Tax Fund.

The City is required to make mandatory sinking fund deposits (consisting of cash and/or U.S. Treasury obligations) on December 1, in the following years and in the following amounts:

December 1	
of Year	Amount Due
2022	\$ 64,800
2023	68,700
Total	<u>\$ 133,500</u>

The 2017 Capital Facilities Bonds and 2019 Capital Facilities Bonds are backed by the full faith and credit of the City.

Direct Borrowings

Lease Purchases

In 2017 the City entered into a lease-purchase agreement for the acquisition of handheld radios for the police and fire departments in the amount of \$393,000. The lease carries an interest rate of 2.69 percent and matures in March 2022. The lease will be paid from the capital improvement fund. In the event of default, as defined by the lease agreement, the Lessor has the right to take possession of the handheld radios (secured assets), or declare all unpaid lease payments be immediately due and payable.

In 2018 the City entered into a lease-purchase agreement for the acquisition of a two police cruisers in the amount of \$95,448. The lease carries an interest rate of 4.30 percent and matures in October 2021. The lease will be paid from the capital improvement fund. In the event of default, as defined by the lease agreement, the Lessor has the right to take possession of the police cruisers (secured assets), or declare all unpaid lease payments be immediately due and payable. This leave was paid in full as of December 31, 2021.

In 2018 the City entered into a lease-purchase agreement for the acquisition of a two dump trucks in the amount of \$244,572. The lease carries an interest rate of 4.38 percent and a maturity date of October 30, 2022. The lease will be paid from the capital improvement, street construction, and street highway improvement funds. In the event of default, as defined by the lease agreement, the Lessor has the right to terminate the agreement or take possession of the dump trucks (secured assets), or declare all unpaid lease payments be immediately due and payable.

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City of Circleville
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2018 Ohio Water Development Authority Loan

During 2018, the City was awarded an interest free five year loan from OWDA to improve the water treatment plant's aeration system. The total amount of this loan was \$1,358,450. This project was not finalized at year-end, however, the City did record the remainder of the proceeds. The City began making payments in June of 2020. No amortization schedule is available as of December 31, 2021; therefore, it is not included in the amortizations tables below.

During 2021, the City entered into an OWDA loan with an interest rate of 1.6 percent to improve the water well. The total amount of this loan was \$466,709. As of December 31, 2021, \$182,754 has been drawn down. This project was not finalized at year-end, however, the City did record the proceeds. The City will begin making payments in July of 2023. No amortization schedule is available as of December 31, 2021; therefore, it is not included in the amortizations tables below.

During 2021, the City entered into an OWDA loan with an interest rate of 1.5 percent for an Advance Metering Infrastructure (AMI) project. The total amount of this loan was \$2,855,752. As of December 31, 2021, \$860,203 has been drawn down. This project was not finalized at year-end, however, the City did record the proceeds. The City will begin making payments in July of 2023 with payments from both the waterworks operating and sanitary sewer operating funds. No amortization schedule is available as of December 31, 2021; therefore, it is not included in the amortizations tables below.

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

Ohio Public Works Commission Loans

During 2015, the City received an interest free twenty year loan from the Ohio Public Works Commission in the amount of \$96,858 for the Force Main/Lift Station Project. Semi-annual payments are made to OPWC with the final payment due July 1, 2035. This loan is paid from the Sanitary Sewer Operating Fund.

During 2017, the City received a loan from the Ohio Public Works Commission in the amount of \$817,466 for the Wastewater Treatment Plant Influent Pump Project. Semi-annual payments are made to OPWC with the final payment due January 1, 2038. This loan is paid from the Sanitary Sewer Operating Fund.

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

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City of Circleville
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For the Year Ended December 31, 2021

Annual debt service requirements to maturity for general long-term obligations are:

Governmental Activities								
General Obligation Bonds								
	Serial Bonds		Term Bonds		Lease Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 145,000	\$ 91,001	\$ -	\$ -	\$ 148,567	\$ 4,694	\$ 293,567	\$ 95,695
2023	145,000	88,099	-	-	-	-	145,000	88,099
2024	150,000	85,201	-	-	-	-	150,000	85,201
2025	150,000	82,201	-	-	-	-	150,000	82,201
2026	160,000	79,199	-	-	-	-	160,000	79,199
2027-2031	325,000	144,800	305,000	119,200	-	-	630,000	264,000
2032-2036	-	-	865,000	185,400	-	-	865,000	185,400
2037	-	-	395,000	23,800	-	-	395,000	23,800
Totals	\$ 1,075,000	\$ 570,501	\$ 1,565,000	\$ 328,400	\$ 148,567	\$ 4,694	\$ 2,788,567	\$ 903,595

Annual debt service requirements to maturity for general obligation bonds and OPWC loan for business-type activities are:

	Business-Type Activities						
	Waterworks Operating		Sewer Operating			Total	Total
	General Obligation Bonds		General Obligation Bonds		OPWC		
	Principal	Interest	Principal	Interest	Principal		
2022	\$ 75,000	\$ 14,700	\$ 100,000	\$ 20,275	\$ 45,716	\$ 220,716	\$ 34,975
2023	75,000	13,200	105,000	18,275	45,716	225,716	31,475
2024	75,000	11,700	105,000	16,175	45,716	225,716	27,875
2025	80,000	10,200	110,000	14,075	45,716	235,716	24,275
2026	80,000	8,600	110,000	10,637	45,716	235,716	19,237
2027-2031	170,000	10,200	235,000	14,200	228,580	633,580	24,400
2032-2036	-	-	-	-	226,159	226,159	-
2037-2038	-	-	-	-	81,750	81,750	-
Totals	\$ 555,000	\$ 68,600	\$ 765,000	\$ 93,637	\$ 765,069	\$ 2,085,069	\$ 162,237

Compensated absences will be paid from the general fund, income tax fund, street construction and maintenance fund, city permissive motor vehicle fund, safety forces tax fund, municipal probation fund, waterworks operating fund and sewer operating fund. The City pays obligations related to employee compensation from the fund benefitting from their service, which are primarily the general, waterworks operating and sanitary sewer operating funds.

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

NOTE 10: CAPITAL LEASES

In 2020, the City entered into a capitalized lease for an ambulance. The lease met the criterial of a capital lease as they contain a bargain purchase option and the lease payments meet the threshold requirements of fair market value at inception. Principal payments in the amount of \$51,779 were made during 2021.

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The assets acquired by the leases have been capitalized in the amount of \$271,618, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$54,324 as of December 31, 2021, leaving a current book value of \$217,924. A corresponding liability was recorded and was reduced for each required principal payment.

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

		Governmental Activities
Year ending December 31,	2022	\$ 55,851
	2023	55,851
	2024	55,851
	2025	55,850
Minimum lease payments		223,403
Less: amount representing interest		(7,833)
Present value of net minimum lease payments		\$ 215,570

NOTE 11: NOTES PAYABLE

On November 10, 2020, the City issued a Bond Anticipation Note (BAN) in the amount of \$1,500,000 for the purpose of improvements for the Ted Lewis Park. The interest rate is 1.25 percent, and the Note matured on November 9, 2021. This note was paid in full with a new BAN issued during 2021.

On November 4, 2021, the City issued a Bond Anticipation Note (BAN) in the amount of \$1,500,000 to refinance the BAN issued in 2020. The interest rate is 1.25 percent, and if notes in anticipation of the Bonds are outstanding later than the last day of December of the fifth year following the year of issuance of the original issue of notes, the period in excess of those five years shall be deducted from that maximum maturity of the Bonds. Principal and interest will be paid from the park improvement fund. The note matures on November 3, 2022.

NOTE 12: DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$526,070 for 2021. Of this amount, \$108,818 is reported as an intergovernmental payable.

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

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

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

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

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$730,023 for 2021. Of this amount, \$54,814 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.024830%	0.110576%	
Prior Measurement Period	<u>0.024301%</u>	<u>0.103439%</u>	
Change in Proportion	<u>0.000529%</u>	<u>0.007137%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 3,676,782	\$ 7,538,072	\$ 11,214,854
Pension Expense	\$ 174,325	\$ 590,445	\$ 764,770

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

No assurance is provided on these financial statements.

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 315,114	\$ 315,114
Changes of Assumptions	-	126,418	126,418
Changes in Proportionate Share and Differences in Contributions	309,423	579,446	888,869
City Contributions Subsequent to the Measurement Date	526,070	730,023	1,256,093
Total Deferred Outflows of Resources	<u>\$ 835,493</u>	<u>\$ 1,751,001</u>	<u>\$ 2,586,494</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 153,803	\$ 293,658	\$ 447,461
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,433,104	365,646	1,798,750
Changes in Proportionate Share and Differences in Contributions	225,946	646,852	872,798
Total Deferred Inflows of Resources	<u>\$ 1,812,853</u>	<u>\$ 1,306,156</u>	<u>\$ 3,119,009</u>

\$1,256,093 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (545,977)	\$ (55,307)	\$ (601,284)
2023	(177,817)	89,321	(88,496)
2024	(584,182)	(382,623)	(966,805)
2025	(195,454)	3,458	(191,996)
2026	-	59,973	59,973
Total	<u>\$ (1,503,430)</u>	<u>\$ (285,178)</u>	<u>\$ (1,788,608)</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

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

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

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

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

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

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

No assurance is provided on these financial statements.

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Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 7,013,482	\$ 3,676,782	\$ 902,322

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

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, 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	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 10,493,962	\$ 7,538,072	\$ 5,064,291

NOTE 13: DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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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.

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

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

The City's contractually required contribution to OP&F was \$17,260 for 2021. Of this amount, \$1,294 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.024118%	0.1105761%	
Prior Measurement Period	0.023592%	0.1034386%	
Change in Proportion	0.000526%	0.0071375%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (429,681)	\$ 1,171,572	
OPEB Expense	\$ (2,563,954)	\$ 91,347	\$ (2,472,607)

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

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of Assumptions	\$ 211,235	\$ 647,229	\$ 858,464
Changes in Proportionate Share and Differences in Contributions	185,453	224,404	409,857
City Contributions Subsequent to the Measurement Date	-	17,260	17,260
Total Deferred Outflows of Resources	<u>\$ 396,688</u>	<u>\$ 888,893</u>	<u>\$ 1,285,581</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 387,785	\$ 193,245	\$ 581,030
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	228,856	43,537	272,393
Changes of Assumptions	696,213	186,769	882,982
Changes in Proportionate Share and Differences in Contributions	136,575	270,104	406,679
Total Deferred Inflows of Resources	<u>\$ 1,449,429</u>	<u>\$ 693,655</u>	<u>\$ 2,143,084</u>

\$17,260 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (543,450)	\$ 29,930	\$ (513,520)
2023	(382,875)	40,239	(342,636)
2024	(99,449)	23,986	(75,463)
2025	(26,967)	38,976	12,009
2026	-	18,933	18,933
Thereafter	-	25,914	25,914
	<u>\$ (1,052,741)</u>	<u>\$ 177,978</u>	<u>\$ (874,763)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (106,843)	\$ (429,681)	\$ (695,081)

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

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

No assurance is provided on these financial statements.

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	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (440,154)	\$ (429,681)	\$ (417,965)

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

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total 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.

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

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For the Year Ended December 31, 2021

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:

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

Note: Assumptions are geometric.

* Levered 2.5x

No assurance is provided on these financial statements.

City of Circleville
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For the Year Ended December 31, 2021

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,460,883	\$ 1,171,572	\$ 932,924

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

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles, general liability insurance, crime and police professional liability insurance. The City also carries public officials and employment practices liability insurance. Settlements have not exceeded coverage in any of the last three years. The City has taken steps to counter the increase in the number of lawsuits filed in the areas of law enforcement. The City has instituted policies and procedures as recommended by the City's liability insurance carrier to prevent further lawsuits. In addition, advanced risk management training has been incorporated into the training cycle for the City's personnel. There has not been a significant reduction of coverage from the prior year and settled claims have not exceeded commercial coverage in any of the last three years.

No assurance is provided on these financial statements.

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

NOTE 15: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the employee's anniversary date; thereafter, vacation leave accrues on a pro-rated basis each pay period depending upon length of service. A maximum of three years' accrual may be carried into the next calendar year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of four and six-tenths hours for every 80 hours worked and can be accumulated without limit. Upon retirement from the City, accumulated, unused sick leave is paid up to a maximum number of hours, depending on length of service, union contract guidelines, and/or City ordinance specifications.

B. Insurance Benefits

For the year, the City's health insurance was provided by United Healthcare; vision insurance was provided by Superior Vision Plan; dental insurance was provided by Delta Dental; and life and accident insurance was provided by Hartford Life and Colonial Life and Accident Insurance Company.

C. Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 16: SIGNIFICANT COMMITMENTS

A. Encumbrance Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Fund</u>	<u>Amount</u>
Capital Improvement .4% Income Tax Fund	\$ 9,669
Park Improvement Fund	1,151,449
Other Governmental Funds	20,798
Total	<u>\$ 1,181,916</u>

No assurance is provided on these financial statements.

City of Circleville
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B. Contractual Commitments

<u>Project</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Outstanding Commitment</u>
AMI Water Meter System	\$ 2,797,940	\$ 893,143	\$ 1,904,797
Well No. 6 & Raw Water Main	396,000	271,045	124,955
Ted Lewis Park	1,443,250	342,574	1,100,676
Totals	<u>\$ 4,637,190</u>	<u>\$ 1,506,762</u>	<u>\$ 3,130,428</u>

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

NOTE 17: CONTINGENCIES

A. *Litigation*

The City is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. *Grants*

The City received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2021.

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City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 18: FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

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

	General Fund	Safety Forces Tax Fund	Safety Forces .5% Income Tax Fund	Capital Improvement .4% Income Tax Fund	Park Improvement Fund	Other Governmental Funds	Total
Nonspendable for:							
Inventory	\$ 11,080	\$ -	\$ -	\$ -	\$ -	\$ 150,428	\$ 161,508
Prepaid Items	38,914	61,754	-	-	-	-	100,668
Unclaimed Funds	29,257	-	-	-	-	-	29,257
Total Nonspendable	<u>79,251</u>	<u>61,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,428</u>	<u>291,433</u>
Restricted for:							
Road Improvements	-	-	-	-	-	499,993	499,993
Safety Forces	-	731,939	799,526	-	-	953,389	2,484,854
Legal Computer Maintenance	-	-	-	-	-	709,416	709,416
Municipal Court	-	-	-	-	-	330,415	330,415
Leisure Time Services	-	-	-	-	-	53,996	53,996
Community Development	-	-	-	-	-	20,279	20,279
Debt Service	-	-	-	-	-	119,190	119,190
Capital Improvements	-	-	-	1,181,586	-	637	1,182,223
Other Purposes	-	-	-	-	-	11,701	11,701
Total Restricted	<u>-</u>	<u>731,939</u>	<u>799,526</u>	<u>1,181,586</u>	<u>-</u>	<u>2,699,016</u>	<u>5,412,067</u>
Committed for:							
Future Severance Payments	25,060	-	-	-	-	-	25,060
Income Tax Administration	-	-	-	-	-	83,670	83,670
Capital Improvements	-	-	-	-	-	322,641	322,641
Cable Franchise Operations	-	-	-	-	-	184,161	184,161
Total Committed	<u>25,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,472</u>	<u>615,532</u>
Assigned:							
Subsequent Year Appropriations	919,583	-	-	-	-	-	919,583
Unassigned	<u>948,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,825)</u>	<u>-</u>	<u>600,355</u>
Total Fund Balance	<u>\$1,972,074</u>	<u>\$ 793,693</u>	<u>\$ 799,526</u>	<u>\$ 1,181,586</u>	<u>\$ (347,825)</u>	<u>\$ 3,439,916</u>	<u>\$ 7,838,970</u>

The general fund is liable for any deficit in the park improvement fund and will provide transfers when cash is required, not when accruals occur.

City of Circleville
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 19: COVID-19

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

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

NOTE 20: SUBSEQUENT EVENT

On March 31, 2022 the City issued \$900,000 in Bond Anticipation Notes at an interest rate of 3.25% for the purpose of improving the City's parks and recreational facilities. The Note matures on November 3, 2022.

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City of Circleville
Pickaway County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Eight Years (1)

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
City's Proportion of the Net Pension Liability	0.024830%	0.024301%	0.024072%	0.023332%	0.023685%
City's Proportionate Share of the Net Pension Liability	\$ 3,676,782	\$ 4,803,257	\$ 6,592,833	\$ 3,660,403	\$ 5,378,435
City's Covered Payroll	\$ 3,497,114	\$ 3,419,100	\$ 3,251,371	\$ 3,083,407	\$ 3,060,733
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%	118.71%	175.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%
Ohio Police and Fire Pension Fund (OPF)					
City's Proportion of the Net Pension Liability	0.110576%	0.103439%	0.114433%	0.108513%	0.117753%
City's Proportionate Share of the Net Pension Liability	\$ 7,538,072	\$ 6,968,177	\$ 9,340,757	\$ 6,659,936	\$ 7,458,357
City's Covered Payroll	\$ 2,615,425	\$ 2,608,881	\$ 2,606,622	\$ 2,397,883	\$ 2,546,021
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	288.22%	267.09%	358.35%	277.74%	292.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.022936%	0.014036%	0.014036%
\$	3,972,804	\$ 1,692,898	\$ 1,654,662
\$	2,855,692	\$ 2,699,592	\$ 3,047,154
	139.12%	62.71%	54.30%
	81.08%	86.45%	86.36%
	0.115939%	0.110075%	0.110075%
\$	7,458,437	\$ 5,702,323	\$ 5,360,978
\$	2,368,955	\$ 2,125,829	\$ 1,719,308
	314.84%	268.24%	311.81%
	66.77%	72.20%	73.00%

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

City of Circleville
Pickaway County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ohio Public Employees' Retirement System (OPERS)					
Contractually Required Contribution	\$ 526,070	\$ 489,596	\$ 478,674	\$ 455,192	\$ 400,843
Contributions in Relation to the Contractually Required Contribution	<u>(526,070)</u>	<u>(489,596)</u>	<u>(478,674)</u>	<u>(455,192)</u>	<u>(400,843)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,757,643	\$ 3,497,114	\$ 3,419,100	\$ 3,251,371	\$ 3,083,407
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%
Ohio Police and Fire Pension Fund (OPF)					
Contractually Required Contribution	\$ 730,023	\$ 556,231	\$ 547,138	\$ 545,999	\$ 501,565
Contributions in Relation to the Contractually Required Contribution	<u>(730,023)</u>	<u>(556,231)</u>	<u>(547,138)</u>	<u>(545,999)</u>	<u>(501,565)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,452,017	\$ 2,615,425	\$ 2,608,881	\$ 2,606,622	\$ 2,397,883
Contributions as a Percentage of Covered Payroll	21.15%	21.27%	20.97%	20.95%	20.92%

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 367,288	\$ 342,683	\$ 323,951	\$ 396,130	n/a
<u>(367,288)</u>	<u>(342,683)</u>	<u>(323,951)</u>	<u>(396,130)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
\$ 3,060,733	\$ 2,855,692	\$ 2,699,592	\$ 3,047,154	n/a
12.00%	12.00%	12.00%	13.00%	n/a
\$ 535,917	\$ 496,912	\$ 460,655	\$ 303,447	\$ 291,995
<u>(535,917)</u>	<u>(496,912)</u>	<u>(460,655)</u>	<u>(303,447)</u>	<u>(291,995)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,546,021	\$ 2,368,955	\$ 2,125,829	\$ 1,719,308	\$ 1,978,008
21.05%	20.98%	21.67%	17.65%	14.76%

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

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

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
City's Proportion of the Net OPEB Liability (Asset)	0.024118%	0.023592%	0.023452%	0.023160%	0.023722%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (429,681)	\$ 3,258,668	\$ 3,057,587	\$ 2,514,997	\$ 2,396,003
City's Covered Payroll	\$ 3,497,114	\$ 3,419,100	\$ 3,251,371	\$ 3,083,407	\$ 3,060,733
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.29%	95.31%	94.04%	81.57%	78.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%
Ohio Police and Fire Pension Fund (OPF)					
City's Proportion of the Net OPEB Liability	0.110576%	0.103439%	0.114433%	0.108513%	0.117753%
City's Proportionate Share of the Net OPEB Liability	\$ 1,171,572	\$ 1,021,738	\$ 1,042,088	\$ 6,148,200	\$ 5,589,470
City's Covered Payroll	\$ 2,615,425	\$ 2,608,881	\$ 2,606,622	\$ 2,397,883	\$ 2,546,021
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	44.79%	39.16%	39.98%	256.40%	219.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

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

City of Circleville
Pickaway County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 30,834
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(30,834)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 3,757,643	\$ 3,497,114	\$ 3,419,100	\$ 3,251,371	\$ 3,083,407
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%
Ohio Police and Fire Pension Fund (OPF)					
Contractually Required Contribution	\$ 17,260	\$ 13,077	\$ 13,044	\$ 13,033	\$ 11,989
Contributions in Relation to the Contractually Required Contribution	(17,260)	(13,077)	(13,044)	(13,033)	(11,989)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,804,467	\$ 2,615,425	\$ 2,608,881	\$ 2,606,622	\$ 2,397,883
Contributions as a Percentage of Covered Payroll	0.96%	0.50%	0.50%	0.50%	0.50%

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

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 61,215	n/a	n/a	n/a	n/a
(61,215)	n/a	n/a	n/a	n/a
\$ -	n/a	n/a	n/a	n/a
\$ 3,060,733	n/a	n/a	n/a	n/a
0.02	n/a	n/a	n/a	n/a
\$ 12,730	\$ 11,845	\$ 68,375	\$ 59,145	\$ 133,515
(12,730)	(11,845)	(68,375)	(59,145)	(133,515)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,546,021	\$ 2,368,955	\$ 2,125,829	\$ 1,719,308	\$ 1,978,008
0.50%	0.50%	3.22%	3.44%	6.75%

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

City of Circleville
Pickaway County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Discount Rate:

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

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

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

Changes in Benefit Terms – OPERS

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

Changes in Assumptions – OP&F

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

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

Discount Rate:

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

City of Circleville
Pickaway County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Municipal Bond Rate:

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

Health Care Cost Trend Rate:

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

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

Changes in Benefit Terms – OPERS

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

Changes in Assumptions – OP&F

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

Discount Rate:

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

Municipal Bond Rate:

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

Changes in Benefit Terms – OP&F

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