

CITY OF COLUMBIANA

COLUMBIANA COUNTY

Regular Audit

For the Year Ended December 31, 2023



OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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City Council
City of Columbiana
28 West Friend Street
Columbiana, Ohio 44408

We have reviewed the *Independent Auditor's Report* of the City of Columbiana, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 16, 2025

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Columbiana County
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INDEPENDENT AUDITOR'S REPORT

City of Columbiana
Columbiana County
28 West Friend Street
Columbiana, OH 44408

To the Members of the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbiana, Columbiana County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 of the financial statements, which describes prior period adjustments related to a revaluation of the capital assets. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

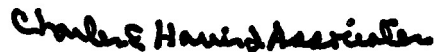
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 17, 2024

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CITY OF COLUMBIANA, OHIO

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

Unaudited

The discussion and analysis of the City of Columbiana's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the 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 2023 are as follows:

- ❑ In total, net position decreased \$2,032,743. Net position of governmental activities decreased \$1,333,767, which represents an 8% decrease from 2022. Net position of business-type activities decreased \$698,976, or 3% from 2022.
- ❑ General revenues accounted for \$5,919,240 in revenue or 28% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,951,978, or 72% of total revenues of \$20,871,218.
- ❑ The City had \$7,406,690 in expenses related to governmental activities; \$2,103,670 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,603,230 were also available to provide for these programs.
- ❑ Among major funds, the general fund had \$5,989,055 in revenues and other financing sources, and \$6,530,577 in expenditures and other financing uses. The general fund's fund balance decreased from a balance of \$1,919,288 to \$1,377,512.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CITY OF COLUMBIANA, OHIO

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

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water, Wastewater, Electric and Public Safety Vehicle Service funds. The Water, Wastewater, and Electric Funds are considered major funds, and the Public Safety Vehicle Service fund is considered a nonmajor fund.

CITY OF COLUMBIANA, OHIO

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

Unaudited

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 statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2023 compared to 2022.

	Governmental Activities		Business-type Activities		Total	
		Restated		Restated		Restated
	2023	2022	2023	2022	2023	2022
Current and other Assets	\$5,375,672	\$6,490,834	\$9,015,362	\$10,319,078	\$14,391,034	\$16,809,912
Net OPEB Asset	0	194,550	0	346,308	0	540,858
Capital Assets, Net	16,576,437	16,644,208	33,633,546	33,922,182	50,209,983	50,566,390
Total Assets	21,952,109	23,329,592	42,648,908	44,587,568	64,601,017	67,917,160
Deferred Outflows of Resources	1,975,691	1,098,214	1,677,677	586,317	3,653,368	1,684,531
Net Pension Liability	4,655,040	2,424,200	3,311,619	985,416	7,966,659	3,409,616
Net OPEB Liability	249,536	328,187	0	0	249,536	328,187
Other Long-term Liabilities	814,565	1,002,258	16,790,582	17,735,601	17,605,147	18,737,859
Other Liabilities	795,152	712,055	1,754,936	1,759,107	2,550,088	2,471,162
Total Liabilities	6,514,293	4,466,700	21,857,137	20,480,124	28,371,430	24,946,824
Deferred Inflows of Resources	1,104,139	2,317,971	292,238	1,817,575	1,396,377	4,135,546
Net Position						
Net Investment in Capital Assets	15,937,938	15,768,679	16,543,121	16,552,301	32,481,059	32,320,980
Restricted	1,822,906	2,598,455	0	0	1,822,906	2,598,455
Unrestricted (Deficit)	(1,451,476)	(723,999)	5,634,089	6,323,885	4,182,613	5,599,886
Total Net Position	\$16,309,368	\$17,643,135	\$22,177,210	\$22,876,186	\$38,486,578	\$40,519,321

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

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*.

CITY OF COLUMBIANA, OHIO

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

Unaudited

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

Unaudited

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	\$715,419	\$632,863	\$12,793,723	\$13,349,830	\$13,509,142	\$13,982,693
Operating Grants and Contributions	827,343	552,633	52,094	40,856	879,437	593,489
Capital Grants and Contributions	560,908	2,002,866	2,491	14,671	563,399	2,017,537
Total Program Revenues	2,103,670	3,188,362	12,848,308	13,405,357	14,951,978	16,593,719
General Revenues:						
Property Taxes	774,903	720,750	281,019	279,577	1,055,922	1,000,327
Income Taxes	3,648,381	3,314,973	0	0	3,648,381	3,314,973
Other Local Taxes	49,926	49,233	0	0	49,926	49,233
Intergovernmental, Unrestricted	527,526	534,182	32,553	33,800	560,079	567,982
Investment Earnings	38,252	6,825	2,438	120	40,690	6,945
Gas and Oil Royalties	397,187	660,605	0	0	397,187	660,605
Miscellaneous	167,055	201,886	0	0	167,055	201,886
Total General Revenues	5,603,230	5,488,454	316,010	313,497	5,919,240	5,801,951
Total Revenues	7,706,900	8,676,816	13,164,318	13,718,854	20,871,218	22,395,670
Program Expenses						
Security of Persons and Property	3,142,909	2,238,726	0	0	3,142,909	2,238,726
Public Health and Welfare	522,138	311,125	0	0	522,138	311,125
Leisure Time Activities	845,351	560,088	0	0	845,351	560,088
Transportation	1,492,213	1,019,515	0	0	1,492,213	1,019,515
General Government	1,383,157	968,465	0	0	1,383,157	968,465
Interest and Fiscal Charges	20,922	18,975	0	0	20,922	18,975
Water	0	0	3,320,293	2,586,834	3,320,293	2,586,834
Wastewater	0	0	1,613,195	1,463,342	1,613,195	1,463,342
Electric	0	0	9,834,110	9,940,522	9,834,110	9,940,522
Public Safety Vehicle Service	0	0	729,673	496,561	729,673	496,561
Total Expenses	7,406,690	5,116,894	15,497,271	14,487,259	22,903,961	19,604,153
Change in Net Position						
Before Transfers	300,210	3,559,922	(2,332,953)	(768,405)	(2,032,743)	2,791,517
Transfers	(1,633,977)	(125,000)	1,633,977	125,000	0	0
Change in Net Position	(1,333,767)	3,434,922	(698,976)	(643,405)	(2,032,743)	2,791,517
Beginning Net Position - Restated	17,643,135	14,208,213	22,876,186	23,519,591	40,519,321	37,727,804
Ending Net Position	\$16,309,368	\$17,643,135	\$22,177,210	\$22,876,186	\$38,486,578	\$40,519,321

Governmental Activities

Governmental activities net position decreased \$1,333,767, or 8%. Operating grants included public safety employee retention incentive grants received from the State of Ohio. An increase in charges for services can be attributed in part to school resource officer and dispatch service charges. An increase in interest rates resulted in an increase in investment earnings. Gas and oil royalties decreased due to a decrease in well production.

CITY OF COLUMBIANA, OHIO

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

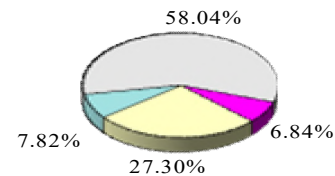
Unaudited

ODOT funding received in the prior year for improvements to East Park Avenue, Springfield Road, and Heck Road resulted in a subsequent decrease in capital grants in 2023. An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities/asset.

The City receives an income tax, which is based on 1% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

Income taxes and property taxes made up 47% and 10% respectively, of revenues for governmental activities in 2023. The City's reliance upon tax revenues is demonstrated by the following graph indicating 58% of total revenues from general tax revenues:

Revenue Sources	2023	Percent of Total
General Tax Revenues	\$4,473,210	58.04%
Intergovernmental, Unrestricted	527,526	6.84%
Program Revenues	2,103,670	27.30%
General Other	602,494	7.82%
Total Revenue	<u>\$7,706,900</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities decreased \$698,976 or approximately 3%.

A decrease in revenues can mostly be attributed to a decrease in electric charges to consumers. This decrease was a result of decreased demand due to milder temperatures, which also resulted in decreased expense for purchased power.

An overall increase in expenses can be attributed to changes in the net pension and net OPEB liabilities/asset. Business type activities received \$1.6 million in transfers from governmental activities, which resulted in a stable net position when compared with the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$3,129,882, which is a decrease from last year's balance of \$4,444,177. The schedule below indicates the fund balance and the total change in fund balance for the governmental funds as of December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	\$1,377,512	\$1,919,288	(\$541,776)
Capital Improvement	45,274	709,792	(664,518)
Other Governmental	1,707,096	1,815,097	(108,001)
Total	<u>\$3,129,882</u>	<u>\$4,444,177</u>	<u>(\$1,314,295)</u>

CITY OF COLUMBIANA, OHIO

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

Unaudited

General Fund – The tables that follow assist in illustrating the financial activities of the General Fund:

	2023	2022	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$4,005,258	\$3,794,620	\$210,638
Intergovernmental Revenues	821,275	490,694	330,581
Charges for Services	407,751	253,728	154,023
Licenses and Permits	154,725	181,875	(27,150)
Investment Earnings	37,607	6,781	30,826
Donations	38,256	82,246	(43,990)
Fines and Forfeitures	39,366	41,385	(2,019)
Gas and Oil Royalties	397,187	660,605	(263,418)
All Other Revenue	87,630	83,090	4,540
Total	<u>\$5,989,055</u>	<u>\$5,595,024</u>	<u>\$394,031</u>

General Fund revenues increased \$394,031, or 7% when compared to revenues in the prior year. Intergovernmental revenues included public safety employee retention incentive grants received from the State of Ohio. An increase in charges for services can be attributed in part to school resource officer and dispatch service charges. An increase in interest rates resulted in an increase in investment earnings. Gas and oil royalties decreased due to a decrease in well production.

	2023	2022	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,107,105	\$1,722,900	\$384,205
Public Health and Welfare	31,251	21,733	9,518
Leisure Time Activities	552,771	460,024	92,747
General Government	509,450	453,898	55,552
Total	<u>\$3,200,577</u>	<u>\$2,658,555</u>	<u>\$542,022</u>

General Fund expenditures increased \$542,022, or 20% when compared to expenditures in the prior year. An increase in security of persons and property can mostly be attributed to employee retention incentive payments which were funded by State of Ohio grants, while an increase in leisure time activities and general government was the result of an overall increase in the cost of equipment, supplies, and contractual costs.

CITY OF COLUMBIANA, OHIO

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

Unaudited

Capital Improvement Fund – The City's Capital Improvement Fund reported \$45,274 in fund balance at year end. Expenditures for various construction costs and other capital improvements and purchases were mostly funded by transfers from the General Fund.

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

During the course of 2023 the City amended its General Fund budget several times.

For the General Fund, original and final revenue estimates were not materially different. Actual budget basis revenues were substantially higher than final estimates due to increases in intergovernmental revenues and gas and oil royalties. Original budgeted, final budgeted, and actual budget basis expenditures were not materially different. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the City had \$50,209,983 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, equipment, vehicles, and infrastructure. Of this total, \$16,576,437 was related to governmental activities and \$33,633,546 to the business-type activities. The following tables show 2023 and 2022 balances:

	Governmental Activities		Increase (Decrease)
	2023	Restated 2022	
Land	\$2,189,333	\$2,111,399	\$77,934
Construction In Progress	0	1,133,928	(1,133,928)
Buildings and Improvements	3,487,187	3,397,682	89,505
Improvements Other than Buildings	1,078,542	1,067,542	11,000
Infrastructure	16,370,113	14,591,837	1,778,276
Machinery and Equipment	5,679,507	5,604,802	74,705
Less: Accumulated Depreciation	(12,228,245)	(11,262,982)	(965,263)
Totals	<u>\$16,576,437</u>	<u>\$16,644,208</u>	<u>(\$67,771)</u>

Significant capital asset activity for Governmental Activities consisted of machinery, equipment, and vehicle purchases in the Fire, Police, and Parks Departments. Additions to infrastructure consisted of routine street paving as well as improvements to East Park Avenue, Springfield Road, and Heck Road.

CITY OF COLUMBIANA, OHIO

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

Unaudited

	Business-Type Activities		Increase (Decrease)
	2023	Restated 2022	
Land	\$273,321	\$273,321	\$0
Buildings	27,338,209	26,575,677	762,532
Improvements other than Buildings	75,339	75,339	0
Machinery and Equipment	11,827,483	11,545,110	282,373
Infrastructure	18,069,136	17,303,477	765,659
Less: Accumulated Depreciation	(23,949,942)	(21,850,742)	(2,099,200)
Totals	\$33,633,546	\$33,922,182	(\$288,636)

Significant Business-Type Activities capital asset additions included various equipment purchases in the water, wastewater, electric, and public safety vehicle departments. Infrastructure additions included sanitary sewer improvements at County Line Road. Building additions included a new garage. Additional information on the City's capital assets can be found in Note 8.

Debt and Other Long Term Obligations

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

	2023	2022
Governmental Activities:		
General Obligation Bonds	\$0	\$110,000
Ohio Public Works Commission Loan	150,481	165,529
Installment Loan	488,018	600,000
Compensated Absences	176,066	126,729
Total Governmental Activities	814,565	1,002,258
Business-Type Activities:		
Special Assessment Bonds	30,000	60,000
Installment Loan	266,025	315,770
Mortgage Revenue Bond	9,754,100	9,976,200
Ohio Water Development Authority Loans	5,163,596	5,774,488
Ohio Public Works Commission Loans	1,343,950	1,380,683
AMPGS Payable	86,835	106,622
Compensated Absences	146,076	121,838
Total Business-Type Activities	16,790,582	17,735,601
Totals	\$17,605,147	\$18,737,859

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

CITY OF COLUMBIANA, OHIO

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

Unaudited

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or the need for additional financial information should be directed to Mr. Kevin Smith, Director of Finance of the City of Columbiana.

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CITY OF COLUMBIANA, OHIO

Statement of Net Position *December 31, 2023*

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 2,965,586	\$ 4,425,324	\$ 7,390,910
Cash and Cash Equivalents in Segregated Accounts	2,126	0	2,126
Receivables:			
Taxes	1,836,971	276,851	2,113,822
Accounts	40,005	2,723,457	2,763,462
Intergovernmental	420,029	20,493	440,522
Special Assessments	0	1,448,049	1,448,049
Inventory of Supplies at Cost	58,003	25,058	83,061
Prepaid Items	52,952	46,530	99,482
Investment in Joint Venture	0	49,600	49,600
Nondepreciable Capital Assets	2,189,333	273,321	2,462,654
Depreciable Capital Assets, Net	14,387,104	33,360,225	47,747,329
Total Assets	21,952,109	42,648,908	64,601,017
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	0	106,212	106,212
Pension	1,675,093	1,366,307	3,041,400
OPEB	300,598	205,158	505,756
Total Deferred Outflows of Resources	1,975,691	1,677,677	3,653,368
Liabilities:			
Accounts Payable	141,297	798,397	939,694
Accrued Wages and Benefits	128,925	121,067	249,992
Intergovernmental Payable	32,514	69,558	102,072
Unearned Revenue	428,974	0	428,974
Payroll Withholding	52,038	0	52,038
Accrued Interest Payable	11,404	55,669	67,073
General Obligation Notes Payable	0	641,000	641,000
Noncurrent Liabilities:			
Due Within One Year	223,406	1,073,850	1,297,256
Due in More Than One Year:			
Net Pension Liability	4,655,040	3,311,619	7,966,659
Net OPEB Liability	249,536	69,245	318,781
Other Amounts Due in More Than One Year	591,159	15,716,732	16,307,891
Total Liabilities	6,514,293	21,857,137	28,371,430

(Continued)

CITY OF COLUMBIANA, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	722,201	269,402	991,603
Pension	154,978	0	154,978
OPEB	226,960	22,836	249,796
Total Deferred Inflows of Resources	<u>1,104,139</u>	<u>292,238</u>	<u>1,396,377</u>
Net Position:			
Net Investment in Capital Assets	15,937,938	16,543,121	32,481,059
Restricted For:			
Capital Projects	959,331	0	959,331
Other Purposes	863,575	0	863,575
Unrestricted (Deficit)	(1,451,476)	5,634,089	4,182,613
Total Net Position	<u><u>\$ 16,309,368</u></u>	<u><u>\$ 22,177,210</u></u>	<u><u>\$ 38,486,578</u></u>

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

Statement of Activities *For the Year Ended December 31, 2023*

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
		Services and	and	and
	Expenses	Sales	Contributions	Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,142,909	\$ 278,037	\$ 312,768	\$ 365,418
Public Health and Welfare	522,138	54,350	0	0
Leisure Time Activities	845,351	228,307	33,176	46,315
Transportation	1,492,213	0	444,554	145,675
General Government	1,383,157	154,725	36,845	3,500
Interest and Fiscal Charges	20,922	0	0	0
Total Governmental Activities	7,406,690	715,419	827,343	560,908
Business-Type Activities:				
Water	3,320,293	1,740,287	12,900	0
Wastewater	1,613,195	1,214,373	9,900	2,491
Electric	9,834,110	9,609,816	19,050	0
Public Safety Vehicle Service	729,673	229,247	10,244	0
Total Business-Type Activities	15,497,271	12,793,723	52,094	2,491
Totals	\$ 22,903,961	\$ 13,509,142	\$ 879,437	\$ 563,399

General Revenues and Transfers

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Projects

Public Safety Vehicle Service

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Gas and Oil Royalties

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,186,686)	\$ 0	\$ (2,186,686)
(467,788)	0	(467,788)
(537,553)	0	(537,553)
(901,984)	0	(901,984)
(1,188,087)	0	(1,188,087)
(20,922)	0	(20,922)
(5,303,020)	0	(5,303,020)
0	(1,567,106)	(1,567,106)
0	(386,431)	(386,431)
0	(205,244)	(205,244)
0	(490,182)	(490,182)
0	(2,648,963)	(2,648,963)
\$ (5,303,020)	\$ (2,648,963)	\$ (7,951,983)
440,815	0	440,815
52,981	0	52,981
281,107	0	281,107
0	281,019	281,019
3,648,381	0	3,648,381
49,926	0	49,926
527,526	32,553	560,079
38,252	2,438	40,690
397,187	0	397,187
167,055	0	167,055
(1,633,977)	1,633,977	0
3,969,253	1,949,987	5,919,240
(1,333,767)	(698,976)	(2,032,743)
17,643,135	22,876,186	40,519,321
\$ 16,309,368	\$ 22,177,210	\$ 38,486,578

CITY OF COLUMBIANA, OHIO

Balance Sheet Governmental Funds December 31, 2023

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 749,136	\$ 177,656	\$ 2,038,794	\$ 2,965,586
Cash and Cash Equivalents in Segregated Accounts	2,126	0	0	2,126
Receivables:				
Taxes	1,504,226	0	332,745	1,836,971
Accounts	39,973	0	32	40,005
Intergovernmental	159,575	0	260,454	420,029
Interfund Loans Receivable	3,731	0	0	3,731
Inventory of Supplies, at Cost	622	0	57,381	58,003
Prepaid Items	29,472	4,693	18,787	52,952
Total Assets	\$ 2,488,861	\$ 182,349	\$ 2,708,193	\$ 5,379,403
Liabilities:				
Accounts Payable	\$ 24,537	\$ 111,477	\$ 5,283	\$ 141,297
Accrued Wages and Benefits Payable	67,962	10,500	50,463	128,925
Intergovernmental Payable	16,645	15,098	771	32,514
Payroll Withholding	52,038	0	0	52,038
Interfund Loans Payable	0	0	3,731	3,731
Unearned Revenue	0	0	428,974	428,974
Total Liabilities	161,182	137,075	489,222	787,479
Deferred Inflows of Resources:				
Unavailable Amounts	551,891	0	187,950	739,841
Property Tax Levy for Next Fiscal Year	398,276	0	323,925	722,201
Total Deferred Inflows of Resources	950,167	0	511,875	1,462,042
Fund Balance:				
Nonspendable	38,097	4,693	180,230	223,020
Restricted	0	40,581	1,470,754	1,511,335
Committed	0	0	10,390	10,390
Assigned	133,287	0	70,886	204,173
Unassigned	1,206,128	0	(25,164)	1,180,964
Total Fund Balance	1,377,512	45,274	1,707,096	3,129,882
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,488,861	\$ 182,349	\$ 2,708,193	\$ 5,379,403

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

Total Governmental Fund Balances	\$	3,129,882
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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 resources and therefore are not reported in the funds.		16,576,437
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Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		739,841
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The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	1,675,093		
Deferred Inflows - Pension	(154,978)		
Net Pension Liability	(4,655,040)		
Deferred Outflows - OPEB	300,598		
Deferred Inflows - OPEB	(226,960)		
Net OPEB Liability	(249,536)		(3,310,823)

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

OPWC Loan Payable	(150,481)		
Installment Loan Payable	(488,018)		
Compensated Absences Payable	(176,066)		
Accrued Interest Payable	(11,404)		(825,969)

Net Position of Governmental Activities	\$	<u>16,309,368</u>
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See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2023

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,005,258	\$ 0	\$ 334,544	\$ 4,339,802
Other Local Taxes	0	0	49,926	49,926
Intergovernmental Revenues	821,275	145,675	480,728	1,447,678
Charges for Services	407,751	0	112,350	520,101
Licenses and Permits	154,725	0	0	154,725
Investment Earnings	37,607	0	645	38,252
Donations	38,256	49,815	6,776	94,847
Fines and Forfeitures	39,366	0	1,227	40,593
Gas and Oil Royalties	397,187	0	0	397,187
All Other Revenue	87,630	60,877	383,966	532,473
Total Revenues	5,989,055	256,367	1,370,162	7,615,584
Expenditures:				
Current:				
Security of Persons and Property	2,107,105	0	432,183	2,539,288
Public Health and Welfare	31,251	0	268,491	299,742
Leisure Time Activities	552,771	0	5,038	557,809
Transportation	0	0	567,674	567,674
General Government	509,450	0	16,562	526,012
Capital Outlay	0	2,705,837	283,109	2,988,946
Debt Service:				
Principal Retirement	0	15,048	221,982	237,030
Interest & Fiscal Charges	0	0	23,648	23,648
Total Expenditures	3,200,577	2,720,885	1,818,687	7,740,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,788,478	(2,464,518)	(448,525)	(124,565)
Other Financing Sources (Uses):				
Transfers In	0	1,800,000	330,000	2,130,000
Transfers Out	(3,330,000)	0	0	(3,330,000)
Total Other Financing Sources (Uses)	(3,330,000)	1,800,000	330,000	(1,200,000)
Net Change in Fund Balances	(541,522)	(664,518)	(118,525)	(1,324,565)
Fund Balance at Beginning of Year	1,919,288	709,792	1,815,097	4,444,177
Increase (Decrease) in Inventory	(254)	0	10,524	10,270
Fund Balance End of Year	\$ 1,377,512	\$ 45,274	\$ 1,707,096	\$ 3,129,882

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

Net Change in Fund Balances - Total Governmental Funds **\$ (1,324,565)**

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

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

Capital Outlay	897,492	
Depreciation Expense	(965,263)	(67,771)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 91,316

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

Pension	350,772	
OPEB	5,331	356,103

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

Pension	(620,378)	
OPEB	30,839	(589,539)

The issuance of long-term debt (e.g. notes, loans) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Bond Principal Retirement	110,000	
Ohio Public Works Commission Loan Principal Retirement	15,048	
Installment Loan Principal Retirement	111,982	
Accrued Interest Payable	2,726	239,756

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

Compensated Absences	(49,337)	
Change in Inventory	10,270	(39,067)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ (1,333,767)</u></u>
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See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 541,868	\$ 380,900	\$ 439,808	\$ 58,908
Intergovernmental Revenue	433,545	304,756	751,663	446,907
Charges for Services	56,904	40,000	165,338	125,338
Licenses and Permits	214,812	151,000	155,807	4,807
Investment Earnings	28,452	20,000	39,417	19,417
Donations	21,339	15,000	11,656	(3,344)
Fines and Forfeitures	57,615	40,500	40,230	(270)
Gas and Oil Royalties	142,260	100,000	494,481	394,481
All Other Revenues	97,306	68,400	39,464	(28,936)
Total Revenues	1,594,101	1,120,556	2,137,864	1,017,308
Expenditures:				
Current:				
Security of Persons and Property	1,895,000	2,278,099	2,226,815	51,284
Public Health and Welfare	31,251	31,251	31,251	0
General Government	484,892	382,133	360,590	21,543
Total Expenditures	2,411,143	2,691,483	2,618,656	72,827
Excess (Deficiency) of Revenues Over (Under) Expenditures	(817,042)	(1,570,927)	(480,792)	1,090,135
Other Financing Sources (Uses):				
Transfers In	1,000,000	2,573,544	1,826,775	(746,769)
Transfers Out	(1,685,000)	(1,830,000)	(1,830,000)	0
Total Other Financing Sources (Uses):	(685,000)	743,544	(3,225)	(746,769)
Net Change in Fund Balance	(1,502,042)	(827,383)	(484,017)	343,366
Fund Balance at Beginning of Year	841,825	841,825	841,825	0
Prior Year Encumbrances	23,392	23,392	23,392	0
Fund Balance at End of Year	\$ (636,825)	\$ 37,834	\$ 381,200	\$ 343,366

See accompanying notes to the basic financial statements

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CITY OF COLUMBIANA, OHIO

Statement of Net Position Proprietary Funds December 31, 2023

	Business-Type Activities				
	Enterprise Funds				
	Major			NonMajor	
	Water	Wastewater	Electric	Public Safety	Total
				Vehicle Service	
Assets:					
Current Assets:					
Pooled Cash and Investments	\$ 432,960	\$ 652,998	\$ 3,174,749	\$ 164,617	\$ 4,425,324
Taxes Receivable	0	0	0	276,851	276,851
Accounts Receivable	318,161	214,333	1,857,687	333,276	2,723,457
Intergovernmental Receivables	0	0	0	20,493	20,493
Special Assessments Receivable	22,417	1,425,632	0	0	1,448,049
Inventory of Supplies at Cost	24,131	927	0	0	25,058
Prepaid Items	14,168	11,087	16,804	4,471	46,530
Total Current Assets	811,837	2,304,977	5,049,240	799,708	8,965,762
Noncurrent Assets:					
Investment in Joint Venture	0	0	49,600	0	49,600
Capital Assets, Net	16,853,209	10,750,967	5,512,845	516,525	33,633,546
Total Noncurrent Assets	16,853,209	10,750,967	5,562,445	516,525	33,683,146
Total Assets	17,665,046	13,055,944	10,611,685	1,316,233	42,648,908
Deferred Outflows of Resources:					
Deferred Charge on Debt Refunding	0	106,212	0	0	106,212
Pension	438,716	284,920	419,553	223,118	1,366,307
OPEB	65,881	42,757	63,030	33,490	205,158
Total Deferred Outflows of Resources	504,597	433,889	482,583	256,608	1,677,677
Liabilities:					
Current Liabilities:					
Accounts Payable	18,679	26,021	750,168	3,529	798,397
Accrued Wages and Benefits	36,910	24,596	37,333	22,228	121,067
Intergovernmental Payable	39,059	5,801	24,593	105	69,558
AMPGS Payable - Current	0	0	27,660	0	27,660
Accrued Interest Payable	52,607	69	0	2,993	55,669
General Obligation Notes Payable	0	641,000	0	0	641,000
Revenue Bonds Payable - Current	225,400	0	0	0	225,400
Installment Loan Payable - Current	0	0	0	50,864	50,864
Special Assessment Bonds Payable - Current	15,000	15,000	0	0	30,000
OWDA Loans Payable - Current	2,034	614,067	0	0	616,101
OPWC Loans Payable - Current	29,978	43,488	0	0	73,466
Compensated Absences - Current	15,934	15,298	7,920	11,207	50,359
Total Current Liabilities	435,601	1,385,340	847,674	90,926	2,759,541

(Continued)

CITY OF COLUMBIANA, OHIO

	Business-Type Activities				
	Enterprise Funds				Total
	Major			NonMajor	
	Water	Wastewater	Electric	Public Safety Vehicle Service	
Noncurrent Liabilities:					
Installment Loans Payable	0	0	0	215,161	215,161
Revenue Bonds Payable	9,528,700	0	0	0	9,528,700
OWDA Loans Payable	0	4,547,495	0	0	4,547,495
OPWC Loans Payable	749,445	521,039	0	0	1,270,484
AMPGS Payable	0	0	59,175	0	59,175
Compensated Absences Payable	26,705	25,289	34,830	8,893	95,717
Net Pension Liability	1,063,438	690,171	1,017,420	540,590	3,311,619
Net OPEB Liability	22,235	14,432	21,273	11,305	69,245
Total Noncurrent Liabilities	11,390,523	5,798,426	1,132,698	775,949	19,097,596
Total Liabilities	11,826,124	7,183,766	1,980,372	866,875	21,857,137
Deferred Inflows of Resources:					
Property Tax Levy for Next Fiscal Year	0	0	0	269,402	269,402
OPEB	7,334	4,759	7,017	3,726	22,836
Total Deferred Inflows of Resources	7,334	4,759	7,017	273,128	292,238
Net Position:					
Net Investment in Capital Assets	6,304,686	4,475,090	5,512,845	250,500	16,543,121
Unrestricted	31,499	1,826,218	3,594,034	182,338	5,634,089
Total Net Position	\$ 6,336,185	\$ 6,301,308	\$ 9,106,879	\$ 432,838	\$ 22,177,210

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

	Business-Type Activities			
	Enterprise Funds			
	Major		NonMajor	
	Water	Wastewater	Electric	Public Safety Vehicle Service
Operating Revenues:				
Charges for Services	\$ 1,691,730	\$ 1,194,135	\$ 9,480,007	\$ 220,249
Other Operating Revenues	41,446	20,238	110,310	7,848
Total Operating Revenues	1,733,176	1,214,373	9,590,317	228,097
Operating Expenses:				
Personal Services	1,059,372	701,866	1,140,159	516,721
Contractual Services	605,565	205,520	7,908,738	81,778
Materials and Supplies	404,067	79,038	284,515	43,570
Depreciation	1,069,897	475,322	478,295	75,686
Other Operating Expenses	18,747	6,247	0	5,319
Total Operating Expenses	3,157,648	1,467,993	9,811,707	723,074
Operating Loss	(1,424,472)	(253,620)	(221,390)	(494,977)
Non-Operating Revenues (Expenses):				
Interest Income	0	0	2,438	0
Interest and Fiscal Charges	(162,645)	(145,010)	0	(6,546)
Taxes	0	0	0	281,019
Intergovernmental Grants	12,900	9,900	19,050	42,797
Other Nonoperating Revenue	7,111	0	19,499	1,150
Other Nonoperating Expense	0	(192)	(22,403)	(53)
Total Non-Operating Revenues (Expenses)	(142,634)	(135,302)	18,584	318,367
Loss Before Transfers and Contributions	(1,567,106)	(388,922)	(202,806)	(176,610)
Transfers and Contributions:				
Capital Contributions	301,543	2,491	0	132,434
Transfers-In	400,000	800,000	0	0
Total Transfers and Contributions	701,543	802,491	0	132,434
Change in Net Position	(865,563)	413,569	(202,806)	(44,176)
Net Position Beginning of Year - Restated	7,201,748	5,887,739	9,309,685	477,014
Net Position End of Year	\$ 6,336,185	\$ 6,301,308	\$ 9,106,879	\$ 432,838

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

Total
<hr/>
\$ 12,586,121
179,842
<hr/>
12,765,963
<hr/>

3,418,118
8,801,601
811,190
2,099,200
30,313
<hr/>
15,160,422
<hr/>
(2,394,459)

2,438
(314,201)
281,019
84,647
27,760
(22,648)
<hr/>
59,015
<hr/>
(2,335,444)

436,468
1,200,000
<hr/>
1,636,468
<hr/>
(698,976)
22,876,186
<hr/>
\$ 22,177,210
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CITY OF COLUMBIANA, OHIO

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

	Business-Type Activities - Enterprise Funds		
	Major		
	Water	Wastewater	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,735,067	\$1,212,554	\$9,685,239
Cash Payments for Goods and Services	(1,007,426)	(288,557)	(8,410,657)
Cash Payments to Employees	(1,006,776)	(701,151)	(1,054,233)
Net Cash Provided (Used) by Operating Activities	(279,135)	222,846	220,349
<u>Cash Flows from Noncapital Financing Activities:</u>			
Tax Receipts	0	0	0
Intergovernmental Receipts	12,900	9,900	19,050
Transfers In from Other Funds	400,000	800,000	0
Net Cash Provided by Noncapital Financing Activities	412,900	809,900	19,050
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Special Assessment Bond Retirement	(15,000)	(15,000)	0
Mortgage Revenue Bond Retirement	(222,100)	0	0
OWDA Loan Retirement	(2,034)	(608,858)	0
OPWC Loan Retirement	(14,989)	(21,744)	0
Installment Loan Retirement	0	0	0
Capital Contributions	12,531	211,740	0
Interest and Fiscal Charges	(163,763)	(118,099)	0
Acquisition and Construction of Assets	(18,267)	(837,734)	(338,662)
Net Cash Used by Capital and Related Financing Activities	(423,622)	(1,389,695)	(338,662)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	0	2,558
Net Cash Provided by Noncapital Financing Activities	0	0	2,558
Net Decrease in Cash and Cash Equivalents	(289,857)	(356,949)	(96,705)
Cash and Cash Equivalents at Beginning of Year	722,817	1,009,947	3,271,454
Cash and Cash Equivalents at End of Year	\$432,960	\$652,998	\$3,174,749

CITY OF COLUMBIANA, OHIO

NonMajor	
Public Safety	
Vehicle Service	Total
\$240,092	\$12,872,952
(132,067)	(9,838,707)
(513,970)	(3,276,130)
(405,945)	(241,885)
280,467	280,467
39,435	81,285
0	1,200,000
319,902	1,561,752
0	(30,000)
0	(222,100)
0	(610,892)
0	(36,733)
(49,745)	(49,745)
0	224,271
(7,105)	(288,967)
(132,433)	(1,327,096)
(189,283)	(2,341,262)
0	2,558
0	2,558
(275,326)	(1,018,837)
439,943	5,444,161
\$164,617	\$4,425,324

(Continued)

CITY OF COLUMBIANA, OHIO

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

	Business-Type Activities - Enterprise Funds		
	Major		
	Water	Wastewater	Electric
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$1,424,472)	(\$253,620)	(\$221,390)
Adjustments to Reconcile Operating Loss to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,069,897	475,322	478,295
Non-Operating Revenue	7,111	0	19,499
Non-Operating Expense	0	(192)	(22,403)
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(5,220)	(1,819)	75,423
(Increase) Decrease in Inventory	(8,850)	954	0
(Increase) Decrease in Prepaids	505	(904)	550
Decrease in Net OPEB Asset	110,051	77,758	99,327
Increase in Deferred Outflows of Resources	(360,604)	(225,934)	(352,619)
Increase (Decrease) in Accounts Payable	13,798	4,859	(174,092)
Increase in Accrued Wages and Benefits	3,566	4,063	7,927
Increase (Decrease) in Intergovernmental Payable	17,388	(1,721)	119
Decrease in AMPGS Payable	0	0	(19,787)
Increase (Decrease) in Compensated Absences Payable	10,884	4,355	11,426
Increase in Net Pension Liability	750,291	468,910	734,788
Increase in Net OPEB Liability	22,235	14,432	21,273
Decrease in Deferred Inflows of Resources	(485,715)	(343,617)	(437,987)
Total Adjustments	1,145,337	476,466	441,739
Net Cash Provided (Used) by Operating Activities	(\$279,135)	\$222,846	\$220,349

Schedule of Noncash Investing, Capital, and Financing Activities:

During 2023 the Water Fund and Public Safety Vehicle Service Fund received capital contributions from Governmental Funds in the amount of \$301,543 and \$132,434, respectively.

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

<u>NonMajor</u>	
<u>Public Safety</u>	
<u>Vehicle Service</u>	<u>Total</u>
(\$494,977)	(\$2,394,459)
75,686	2,099,200
1,150	27,760
(53)	(22,648)
10,845	79,229
0	(7,896)
(1,227)	(1,076)
59,172	346,308
(179,183)	(1,118,340)
889	(154,546)
2,078	17,634
(35)	15,751
0	(19,787)
(2,427)	24,238
372,214	2,326,203
11,305	69,245
(261,382)	(1,528,701)
<u>89,032</u>	<u>2,152,574</u>
<u>(\$405,945)</u>	<u>(\$241,885)</u>

CITY OF COLUMBIANA, OHIO

Statement of Net Position Fiduciary Funds December 31, 2023

	Private Purpose Trust	Custodial
Assets:		
Cash and Cash Equivalents	\$ 115,755	\$ 30,400
Total Assets	<u>115,755</u>	<u>30,400</u>
Liabilities:		
Due to Others	0	30,400
Total Liabilities	<u>0</u>	<u>30,400</u>
Net Position:		
Restricted For:		
Cemetery Maintenance	115,755	0
Total Net Position	<u>\$ 115,755</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

	Private Purpose Trust	Custodial
Additions:		
Fines and Forfeiture Collections for other Governments	\$ 0	\$ 13,315
Donations	10,398	0
Fire Insurance Proceeds	0	30,169
Total Collections and Donations	10,398	43,484
Investment Earnings:		
Interest	88	0
Total Additions	10,486	43,484
Deductions:		
Distribution of Fines and Forfeitures to other Governments	0	13,315
Distribution of Fire Insurance Proceeds	0	30,169
Cemetery Maintenance	24,028	0
Total Deductions	24,028	43,484
Change in Net Position	(13,542)	0
Net Position at Beginning of Year	129,297	0
Net Position End of Year	\$ 115,755	\$ 0

See accompanying notes to the basic financial statements

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Columbiana (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution, the laws of the State of Ohio and its Charter. Columbiana became a city in 2001, and operates under a Council/Manager form of government.

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

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: public safety, highways and streets, sanitation, health and social services, culture/recreation, public improvements, planning and zoning, and general administrative services. In addition, the City operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system, and an emergency medical service system which are reported as enterprise funds.

Joint Venture with Equity Interest:

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV-5) - OMEGA JV-5 was organized by 42 subdivisions of the State of Ohio (the participants) on April 20, 1993 pursuant to a joint venture agreement under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Belleville Hydroelectric Project. The participants are members of American Municipal Power-Ohio, Inc. See Note 14 – "Joint Ventures".

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

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

Capital Improvement Fund - This fund is used to account for the financial resources used for the major capital projects undertaken by the City.

Proprietary Funds

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the balance sheet. The enterprise fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Wastewater Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Electric Fund – This fund is used to account for the operation of the City's electric distribution services.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City reports two private-purpose trust funds which account for amounts held for cemetery maintenance for specific plots. The City reports two custodial funds, which account for the activities of the Mayor's Court and fire insurance escrow receipts and disbursements.

C. Basis of Presentation – Financial Statements

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, deferred outflows/inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Fiduciary funds present a statement of Changes in Fiduciary Net Position which reports additions to and deductions from fiduciary funds.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Property taxes measurable as of December 31, 2023 but which are not intended to finance 2023 operations and other revenue received in advance of the fiscal year for which they are intended to finance, have been recorded as deferred inflows of resources.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

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

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CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year. All funds other than custodial funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the fund, function and object level. Budgetary modifications may only be made by ordinance or resolution of the City Council.

1. Tax Budget

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

2. Estimated Resources

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

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—for the General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	(\$541,522)
Increase (Decrease):	
Accrued Revenues at December 31, 2023	
received during 2024	(807,771)
Accrued Revenues at December 31, 2022	
received during 2023	809,474
Accrued Expenditures at December 31, 2023	
paid during 2024	161,182
Accrued Expenditures at December 31, 2022	
paid during 2023	(91,726)
2022 Prepays for 2023	22,623
2023 Prepays for 2024	(29,472)
Outstanding Encumbrances	(124,955)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>118,150</u>
Budget Basis	<u><u>(\$484,017)</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term certificates of deposit with original maturities of three months or less.

The City pools a majority of its cash for investment and resource management purposes, while maintaining some segregated funds. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

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

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. The City assigns investment earnings to the General Fund and various other governmental, proprietary and fiduciary funds. Interest revenue credited to the General Fund during 2023 amounted to \$37,607, which includes \$33,096 assigned from other funds.

H. Prepaid Items

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

I. Inventory

On the government-wide and proprietary fund financial statements, purchased inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost on a first-in, first-out basis and recorded as an expenditure in the governmental funds when purchased.

Inventory consists of expendable supplies held for consumption.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or greater and an expected useful life of 5 years or more.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

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

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings and Improvements	30-40
Improvements other than Buildings	20
Infrastructure	40
Machinery and Equipment	5-20

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
Special Assessment Bonds	Water Fund, Wastewater Fund
Mortgage Revenue Bonds	Water Fund
General Obligation Bonds	Fire Department Capital Improvement Fund
Installment Loans	Fire Truck Capital Purchases Fund, Public Safety Vehicle Service Fund
OPWC/OWDA Loans	Capital Improvement Fund, Water Fund Wastewater Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Cemetery Fund, Park Fund Capital Improvement Fund, Income Tax Fund Water Fund, Wastewater Fund, Electric Fund Public Safety Vehicle Service Fund

L. Compensated Absences

In accordance with GASB Statement No. 16, *"Accounting for Compensated Absences,"* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

Compensated absences are expensed in the Water, Wastewater, Electric and Public Safety Vehicle Service Funds when earned, and the related liability is reported within the fund.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

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

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

N. Pension/OPEB

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

O. Interfund Activity

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

P. Fund Balances

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

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

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

Q. Operating Revenues and Expenses

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

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 and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during 2023.

CITY OF COLUMBIANA, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the City, deferred outflows of resources are reported for deferred charges on debt refunding and pension/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. For the City, deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

T. 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 and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

CITY OF COLUMBIANA, OHIO

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

A. Change in Accounting Principle

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

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

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

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

B. Restatement of Net Position

Certain adjustments were necessary to beginning of year net position to account for the correction of errors in accounting for capital assets.

This correction had the following effect on net position as reported December 31, 2022:

	Governmental Activities	Business-Type Activities		
Net Position December 31, 2022, as Reported	\$17,174,928	\$23,550,354		
Adjustments:				
Capital Asset Correction	468,207	(674,168)		
Restated Net Position December 31, 2022	<u>\$17,643,135</u>	<u>\$22,876,186</u>		

	Water Fund	Wastewater Fund	Electric Fund	Public Safety Vehicle Service Fund
Net Position December 31, 2022, as Reported	\$7,745,240	\$6,161,790	\$9,021,213	\$622,111
Adjustments:				
Capital Asset Correction	(543,492)	(274,051)	288,472	(145,097)
Restated Net Position December 31, 2022	<u>\$7,201,748</u>	<u>\$5,887,739</u>	<u>\$9,309,685</u>	<u>\$477,014</u>

CITY OF COLUMBIANA, OHIO

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

NOTE 3 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$29,472	\$4,693	\$18,787	\$52,952
Supplies Inventory	622	0	57,381	58,003
Unclaimed Funds	8,003	0	0	8,003
Permanent Fund Corpus	0	0	104,062	104,062
Total Nonspendable	<u>38,097</u>	<u>4,693</u>	<u>180,230</u>	<u>223,020</u>
Restricted:				
Street Maintenance and Repair	0	0	522,210	522,210
Cemetery Maintenance	0	0	24,117	24,117
Law Enforcement	0	0	11,560	11,560
Capital Improvements	0	40,581	912,867	953,448
Total Restricted	<u>0</u>	<u>40,581</u>	<u>1,470,754</u>	<u>1,511,335</u>
Committed:				
Other Purposes	0	0	10,390	10,390
Total Committed	<u>0</u>	<u>0</u>	<u>10,390</u>	<u>10,390</u>
Assigned:				
Land Purchase	0	0	70,886	70,886
Services and Supplies	133,287	0	0	133,287
Total Assigned	<u>133,287</u>	<u>0</u>	<u>70,886</u>	<u>204,173</u>
Unassigned (Deficits):	<u>1,206,128</u>	<u>0</u>	<u>(25,164)</u>	<u>1,180,964</u>
Total Fund Balances	<u>\$1,377,512</u>	<u>\$45,274</u>	<u>\$1,707,096</u>	<u>\$3,129,882</u>

CITY OF COLUMBIANA, OHIO

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

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

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

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds must be evidenced by time CD's maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the 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;
- Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate note interest rated in either of the two highest classifications by at least two nationally recognized rating agencies.
- Bonds and other obligations of the State of Ohio;

CITY OF COLUMBIANA, OHIO

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

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

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

At year end the carrying amount of the City's deposits was \$7,539,191 and the bank balance was \$7,583,453. Federal depository insurance covered \$2,132,346 of the bank balance and \$5,451,107 was uninsured and exposed to custodial risk and was collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City held no investments at December 31, 2023.

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

Custodial Credit Risk – The City's balance of investments are held by the trust department of its banking institution in the City's name.

CITY OF COLUMBIANA, OHIO

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2022 for Columbiana County and 2023 for Mahoning County. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Columbiana. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2023 was \$6.80 per \$1,000 of assessed value.

The assessed values upon which the 2023 property tax levy was based were as follows:

	County	
	Columbiana	Mahoning
Real Property:		
Residential/Agricultural	\$153,482,440	\$50,405,310
Personal Property:		
Public Utility Personal Property	6,467,680	161,010
Total Assessed Value	<u>\$159,950,120</u>	<u>\$50,566,320</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of one percent of assessed value without a vote of the people. Under current procedures, the City's share is .68% (6.80 mills) of assessed value.

B. Income Tax

The City levies a tax of 1% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of one half of one percent of the tax paid to another municipality to a maximum of the total amount assessed. All income tax proceeds are received by the Income Tax Fund, which is reported as part of the General Fund on the Financial Statements.

CITY OF COLUMBIANA, OHIO

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

NOTE 5 - TAXES (Continued)

C. Real Estate Tax Abatement

The City provides tax incentives under a Community Reinvestment Area (CRA) Program, established pursuant to Ohio Revised Code Chapter 5709.

Qualifying residential, commercial, and industrial properties are eligible for up to a 100% property tax exemption, for a period of up to 15 years. All commercial and industrial projects are required to comply with state application fees, requirements of ORC Section 3735.672 (C) and the local annual monitoring fee of one percent of the amount of taxes exempted under the agreement - a minimum of \$500 up to a maximum of \$2,500 annually unless waived. Eligible projects include remodeling and new construction, as described in Ohio Revised Code Chapter 3735.67. Residential projects with a cost of at least \$2,500 are eligible for a 10 year exemption, and projects with a cost of at least \$5,000 are eligible for a 12 year exemption. The terms of commercial and industrial projects are negotiated on a case-by-case basis in advance of remodeling or construction occurring. The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Properties in the CRA program are located in Columbiana and Mahoning Counties. In Mahoning County, property tax collections were reduced \$32,070 in 2023. In Columbiana County, property tax collections were reduced \$22,974 in 2022 (latest information available).

NOTE 6 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts, special assessments, and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred inflows of resources or unearned revenue are considered collectible in full.

CITY OF COLUMBIANA, OHIO

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

NOTE 7 – INTERFUND ACTIVITY

A. Transfers

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

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$3,330,000
Capital Improvement Fund	1,800,000	0
Other Governmental Funds	330,000	0
Total Governmental Funds	2,130,000	3,330,000
Enterprise Funds:		
Water Fund	400,000	0
Wastewater Fund	800,000	0
Total Enterprise Funds	1,200,000	0
Totals	\$3,330,000	\$3,330,000

B. Interfund Loans

Individual interfund balances at December 31, 2023 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$3,731	\$0
Other Governmental Funds	0	3,731
Totals	\$3,731	\$3,731

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CITY OF COLUMBIANA, OHIO

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

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

<i>Historical Cost:</i>	Restated December 31, 2022	Additions	Deletions	December 31, 2023
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$2,111,399	\$77,934	\$0	\$2,189,333
Construction in Progress	1,133,928	0	(1,133,928)	0
Subtotal	3,245,327	77,934	(1,133,928)	2,189,333
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	3,397,682	89,505	0	3,487,187
Improvements Other than Buildings	1,067,542	11,000	0	1,078,542
Infrastructure	14,591,837	1,778,276	0	16,370,113
Machinery and Equipment	5,604,802	74,705	0	5,679,507
Total Cost	<u>\$27,907,190</u>	<u>\$2,031,420</u>	<u>(\$1,133,928)</u>	<u>\$28,804,682</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2022	Additions	Deletions	December 31, 2023
Buildings and Improvements	(\$1,372,252)	(\$85,931)	\$0	(\$1,458,183)
Improvements Other than Buildings	(667,158)	(27,268)	0	(694,426)
Infrastructure	(4,688,839)	(613,054)	0	(5,301,893)
Machinery and Equipment	(4,534,733)	(239,010)	0	(4,773,743)
Total Accumulated Depreciation	<u>(\$11,262,982)</u>	<u>(\$965,263) *</u>	<u>\$0</u>	<u>(\$12,228,245)</u>
<i>Net Value:</i>	<u>\$16,644,208</u>			<u>\$16,576,437</u>

* Depreciation was charged to governmental functions as follows:

Security of Persons and Property	\$167,842
Public Health and Welfare	3,017
Leisure Time Activities	65,345
Transportation	705,196
General Government	23,863
Total Depreciation Expense	<u>\$965,263</u>

CITY OF COLUMBIANA, OHIO

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

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2023:

<i>Historical Cost:</i>	Restated			
Class	December 31, 2022	Additions	Deletions	December 31, 2023
<i>Capital assets not being depreciated:</i>				
Land	\$273,321	\$0	\$0	\$273,321
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	26,575,677	762,532	0	27,338,209
Improvements Other than Buildings	75,339	0	0	75,339
Machinery and Equipment	11,545,110	282,373	0	11,827,483
Infrastructure	17,303,477	765,659	0	18,069,136
Total Cost	<u>\$55,772,924</u>	<u>\$1,810,564</u>	<u>\$0</u>	<u>\$57,583,488</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2022	Additions	Deletions	December 31, 2023
Buildings and Improvements	(\$9,161,729)	(\$1,032,241)	\$0	(\$10,193,970)
Improvements Other than Buildings	(69,509)	(2,915)	0	(72,424)
Machinery and Equipment	(7,330,992)	(573,158)	0	(7,904,150)
Infrastructure	(5,288,512)	(490,886)	0	(5,779,398)
Total Accumulated Depreciation	<u>(\$21,850,742)</u>	<u>(\$2,099,200)</u>	<u>\$0</u>	<u>(\$23,949,942)</u>
<i>Net Value:</i>	<u>\$33,922,182</u>			<u>\$33,633,546</u>

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$415,096 for 2023. Of this amount, \$52,680 is reported as an intergovernmental payable.

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$202,580 for 2023. Of this amount, \$25,051 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,150,308	\$2,816,351	\$7,966,659
Proportion of the Net Pension Liability-2023	0.017435%	0.029649%	
Proportion of the Net Pension Liability-2022	<u>0.017689%</u>	<u>0.029942%</u>	
Percentage Change	<u>(0.000254%)</u>	<u>(0.000293%)</u>	
Pension Expense	\$744,739	\$361,832	\$1,106,571

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$54,410	\$254,026	\$308,436
Differences between expected and actual experience	171,073	42,243	213,316
Net difference between projected and actual earnings on pension plan investments	1,468,001	410,024	1,878,025
Change in proportionate share	16,398	7,549	23,947
City contributions subsequent to the measurement date	<u>415,096</u>	<u>202,580</u>	<u>617,676</u>
Total Deferred Outflows of Resources	<u>\$2,124,978</u>	<u>\$916,422</u>	<u>\$3,041,400</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$54,920	\$54,920
Differences between expected and actual experience	0	64,166	64,166
Change in proportionate share	<u>0</u>	<u>35,892</u>	<u>35,892</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$154,978</u>	<u>\$154,978</u>

\$617,676 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$215,706	\$61,252	\$276,958
2025	342,938	132,247	475,185
2026	432,105	145,529	577,634
2027	719,133	225,758	944,891
2028	<u>0</u>	<u>(5,922)</u>	<u>(5,922)</u>
Total	<u>\$1,709,882</u>	<u>\$558,864</u>	<u>\$2,268,746</u>

Actuarial Assumptions - OPERS

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$7,714,988	\$5,150,308	\$3,016,952

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

* levered 2.5x

Note: Assumptions are geometric

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

CITY OF COLUMBIANA, OHIO

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$3,715,307	\$2,816,351	\$2,069,044

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

The City's contractually required contribution to OP&F was \$5,331 for 2023. Of this amount, \$659 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability	\$107,692	\$211,089	\$318,781
Proportion of the Net OPEB Liability-2023	0.017080%	0.029649%	
Proportion of the Net OPEB Liability-2022	0.017268%	0.029942%	
Percentage Change	<u>(0.000188%)</u>	<u>(0.000293%)</u>	
OPEB Expense	(\$193,816)	\$38,403	(\$155,413)

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$105,184	\$105,194	\$210,378
Differences between expected and actual experience	0	12,596	12,596
Net difference between projected and actual earnings on OPEB plan investments	213,882	18,107	231,989
Change in proportionate share	0	45,462	45,462
City contributions subsequent to the measurement date	0	5,331	5,331
Total Deferred Outflows of Resources	<u>\$319,066</u>	<u>\$186,690</u>	<u>\$505,756</u>
Deferred Inflows of Resources			
Changes in assumptions	\$8,655	\$172,655	\$181,310
Differences between expected and actual experience	26,863	41,623	68,486
Total Deferred Inflows of Resources	<u>\$35,518</u>	<u>\$214,278</u>	<u>\$249,796</u>

\$5,331 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	\$35,313	\$20,224	\$55,537
2025	78,218	19,572	97,790
2026	66,694	(8,209)	58,485
2027	103,323	(4,673)	98,650
2028	0	(17,521)	(17,521)
2029	0	(19,446)	(19,446)
2030	0	(21,987)	(21,987)
2031	0	(879)	(879)
Total	<u>\$283,548</u>	<u>(\$32,919)</u>	<u>\$250,629</u>

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$366,537	\$107,692	(\$105,896)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	\$100,943	\$107,692	\$115,290

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

* levered 2.5x

Note: Assumptions are geometric

CITY OF COLUMBIANA, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$259,939	\$211,089	\$169,851

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.

CITY OF COLUMBIANA, OHIO

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

NOTE 11 - NOTES PAYABLE

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

	Balance January 1, 2023	Issued	(Retired)	Balance December 31, 2023
Enterprise Fund Notes Payable:				
5.680% Sewer System Improvements	\$641,000	\$0	\$0	\$641,000
Total Notes Payable	\$641,000	\$0	\$0	\$641,000

CITY OF COLUMBIANA, OHIO

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

NOTE 12 – DEBT AND OTHER LONG-TERM OBLIGATIONS

Activity in Debt and Other Long Term Obligations in 2023 was as follows:

Interest Rate	Purpose		Balance December 31, 2022	Additions	Deductions	Balance December 31, 2023	Amount Due Within One Year
Governmental Activities Debt:							
General Obligation Bonds:							
2.46%	Fire Station	2023	\$110,000	\$0	(\$110,000)	\$0	\$0
Ohio Public Works Commission Loan:*							
0.00%	Main Street Improvements	2027	165,529	0	(15,048)	150,481	30,098
Installment Loan:							
3.52%	Tanker Fire Truck	2027	600,000	0	(111,982)	488,018	115,748
Governmental Activities Other Long Term Obligations:							
	Compensated Absences		126,729	99,114	(49,777)	176,066	77,560
	Total Governmental Activities		1,002,258	99,114	(286,807)	814,565	223,406
Business-Type Activities Debt:							
Special Assessment Bonds:							
6.00%	Waterline Improvements	2024	30,000	0	(15,000)	15,000	15,000
6.00%	Wastewater Improvements	2024	30,000	0	(15,000)	15,000	15,000
	Total Special Assessment Bonds		60,000	0	(30,000)	30,000	30,000
Installment Loan:							
2.25%	Public Safety Vehicle Purchase	2028	315,770	0	(49,745)	266,025	50,864
Mortgage Revenue Bonds:							
1.625%	Water Plant	2056	9,976,200	0	(222,100)	9,754,100	225,400
	Total Mortgage Revenue Bonds		9,976,200	0	(222,100)	9,754,100	225,400
Ohio Water Development Authority Loans:*							
0.00%	Water Asset Management Plan		4,068	0	(2,034)	2,034	2,034
0.55%	Route 14/7 Wastewater Refunding	2025	1,091,432	0	(434,775)	656,657	437,170
1.61%	Wastewater Improvements Refunding	2045	4,678,988	0	(174,083)	4,504,905	176,897
	Total Ohio Water Development Authority Loans		5,774,488	0	(610,892)	5,163,596	616,101
Ohio Public Works Commission Loans:*							
0.00%	Sanitary Sewer Lines	2027	85,725	0	(8,572)	77,153	17,144
0.00%	Arrowhead Sewer Lift Station	2041	500,546	0	(13,172)	487,374	26,344
0.00%	Route 14 Water Line	2047	794,412	0	(14,989)	779,423	29,978
	Total Ohio Public Works Commission Loans		1,380,683	0	(36,733)	1,343,950	73,466
Business-Type Activities Other Long Term Obligations:							
	AMPGS Payable		106,622	0	(19,787)	86,835	27,660
	Compensated Absences		121,838	75,545	(51,307)	146,076	50,359
	Total Business-Type Activities		17,735,601	75,545	(1,020,564)	16,790,582	1,073,850
	Total Debt and Other Long Term Obligations		\$18,737,859	\$174,659	(\$1,307,371)	\$17,605,147	\$1,297,256

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

CITY OF COLUMBIANA, OHIO

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

NOTE 12 - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Special Assessments

The principal amount of the City's special assessment debt outstanding at December 31, 2023 of \$30,000 is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

B. Pledged Revenues

The Water Plant bonds were issued in 2017 for the purpose of constructing a new water facility. These bonds are payable from the net revenue derived from operations of the water system and are secured by a pledge of and lien on such net revenues until the bond maturity date of 2056. Total principal and interest payable on these bonds at December 31, 2023 was \$12,681,552. In 2023 the Water Fund reported (\$212,063) of net pledged revenues for coverage of a principal and interest debt service requirement of \$384,213.

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CITY OF COLUMBIANA, OHIO

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

NOTE 12 - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023 are as follows:

Years	Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$30,000	\$1,652	\$225,400	\$158,938
2025	0	0	229,500	154,841
2026	0	0	233,200	151,111
2027	0	0	236,900	147,323
2028	0	0	240,500	143,866
2029-2033	0	0	1,263,700	657,761
2034-2038	0	0	1,369,900	551,646
2039-2043	0	0	1,484,800	436,628
2044-2048	0	0	1,609,200	312,091
2049-2053	0	0	1,744,500	176,750
2054-2056	0	0	1,116,500	36,497
Totals	<u>\$30,000</u>	<u>\$1,652</u>	<u>\$9,754,100</u>	<u>\$2,927,452</u>

Years	OPWC Loans		OWDA Loans		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$103,564	\$0	\$616,101	\$74,831	\$166,612	\$23,164
2025	103,564	0	399,244	69,563	171,831	17,945
2026	103,564	0	182,662	66,054	177,219	12,557
2027	103,564	0	185,615	63,101	128,407	4,520
2028	94,991	0	188,616	60,100	109,974	3,725
2029-2033	281,610	0	989,809	253,771	0	0
2034-2038	281,610	0	1,072,438	171,142	0	0
2039-2043	242,094	0	1,161,964	81,616	0	0
2044-2048	149,892	0	367,147	5,927	0	0
2049	29,978	0	0	0	0	0
Totals	<u>\$1,494,431</u>	<u>\$0</u>	<u>\$5,163,596</u>	<u>\$846,105</u>	<u>\$754,043</u>	<u>\$61,911</u>

CITY OF COLUMBIANA, OHIO

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

NOTE 13 – INSURANCE AND 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.

Risk Pool Membership

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the following risks:

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

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

2022

Cash and investments	\$42,310,794
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Actuarial liabilities	\$15,724,479
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The City obtained insurance coverage from the PEP for losses related to general liability, public official's liability, automobile, law enforcement liability, medical malpractice liability, and employee benefits liability, in addition to other coverages.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

CITY OF COLUMBIANA, OHIO

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

NOTE 14 - JOINT VENTURES

Joint Venture with an Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a Financing Participant with an ownership percentage of 1.66%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023, the City has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

CITY OF COLUMBIANA, OHIO

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

NOTE 14 - JOINT VENTURES (Continued)

On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$49,600 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

NOTE 15 – PURCHASE COMMITMENT

American Municipal Power Generating Station Project (AMPGS)

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's project share was 8,501 kilowatts (kW) of a total 771,281 kW, giving the City a 1.10 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel.

As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share of the impaired costs at March 31, 2014 was \$1,470,883. The City received a credit of \$449,192 related to their participation in the AMP Fremont Energy Center (AFEC) Project and a credit of \$384,457 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). The City also made payments totaling \$222,280 leaving an estimated net impaired costs balance of \$414,954. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

CITY OF COLUMBIANA, OHIO

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

NOTE 15 – PURCHASE COMMITMENT (Continued)

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the City has made payments of \$388,223 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$18,426 and interest expense incurred on AMP's line-of-credit of \$41,678, resulting in a net impaired cost estimate at December 31, 2023 of \$86,835. The City does have a potential PHFU Liability of \$471,598 resulting in a net total potential liability of \$558,433, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes as well as positive items such as revenue from leases or sale of all or a portion of the Meigs County site property.

The impaired costs were included in the business-type activities and the electric enterprise fund as a 2013 expense (\$414,954). The City elected to finance this amount over 15 years.

NOTE 16 - CONTINGENCIES

A. Litigation

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

B. Asset Retirement Obligations

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

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

CITY OF COLUMBIANA, OHIO

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

NOTE 17 – SIGNIFICANT COMMITMENTS

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

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$124,955
Capital Improvement Fund	177,652
Other Governmental Funds	<u>51,835</u>
Total Governmental Funds	<u><u>\$354,442</u></u>

NOTE 18 – SUBSEQUENT EVENT

In April 2024 the City entered into a loan agreement with the Ohio Water Development Authority for a \$1.6 million loan for an Arrowhead Lakefront lift station. The loan period is for 30 years at an interest rate of 3.5%.

CITY OF COLUMBIANA, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBIANA, OHIO

***Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Years***

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.018748%	0.018748%	0.018404%	0.018112%
City's proportionate share of the net pension liability (asset)	\$2,210,145	\$2,261,219	\$3,187,880	\$4,112,879
City's covered payroll	\$2,311,231	\$2,298,467	\$2,289,892	\$2,341,092
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.63%	98.38%	139.22%	175.68%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.029486%	0.029486%	0.027854%	0.026195%
City's proportionate share of the net pension liability (asset)	\$1,436,070	\$1,527,508	\$1,791,836	\$1,659,140
City's covered payroll	\$654,484	\$647,789	\$630,032	\$625,784
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	219.42%	235.80%	284.40%	265.13%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

See notes to the required supplementary information

CITY OF COLUMBIANA, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.017735%	0.018032%	0.017442%	0.017227%	0.017689%	0.017435%
\$2,782,327	\$4,938,594	\$3,447,526	\$2,550,943	\$1,539,017	\$5,150,308
\$2,344,685	\$2,443,779	\$2,466,164	\$2,426,336	\$2,567,193	\$2,711,464
118.67%	202.09%	139.79%	105.14%	59.95%	189.95%
84.66%	74.70%	82.17%	86.88%	92.62%	75.74%
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.028538%	0.029819%	0.030513%	0.030737%	0.029942%	0.029649%
\$1,751,533	\$2,434,019	\$2,055,487	\$2,095,378	\$1,870,599	\$2,816,351
\$692,632	\$749,200	\$808,768	\$836,353	\$848,221	\$895,626
252.88%	324.88%	254.15%	250.54%	220.53%	314.46%
70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

CITY OF COLUMBIANA, OHIO

***Schedule of City Pension Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	\$275,816	\$274,787	\$280,931	\$304,809
Contributions in relation to the contractually required contribution	275,816	274,787	280,931	304,809
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$2,298,467	\$2,289,892	\$2,341,092	\$2,344,685
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	\$123,080	\$119,706	\$118,899	\$131,600
Contributions in relation to the contractually required contribution	123,080	119,706	118,899	131,600
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$647,789	\$630,032	\$625,784	\$692,632
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

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

Notes: The City implemented GASB Statement 68 in 2015.

See notes to the required supplementary information

CITY OF COLUMBIANA, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$342,129	\$345,263	\$339,687	\$359,407	\$379,605	\$415,096
<u>342,129</u>	<u>345,263</u>	<u>339,687</u>	<u>359,407</u>	<u>379,605</u>	<u>415,096</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,443,779	\$2,466,164	\$2,426,336	\$2,567,193	\$2,711,464	\$2,964,971
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$142,348	\$153,666	\$158,907	\$161,162	\$170,169	\$202,580
<u>142,348</u>	<u>153,666</u>	<u>158,907</u>	<u>161,162</u>	<u>170,169</u>	<u>202,580</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$749,200	\$808,768	\$836,353	\$848,221	\$895,626	\$1,066,211
19.00%	19.00%	19.00%	19.00%	19.00%	19.00%

CITY OF COLUMBIANA, OHIO

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

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.017638%	0.017401%	0.017642%
City's proportionate share of the net OPEB liability (asset)	\$1,781,525	\$1,889,663	\$2,300,101
City's covered payroll	\$2,341,092	\$2,344,685	\$2,443,779
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.10%	80.59%	94.12%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.026195%	0.028538%	0.029819%
City's proportionate share of the net OPEB liability (asset)	\$1,243,398	\$1,616,946	\$271,547
City's covered payroll	\$625,784	\$692,632	\$749,200
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	198.69%	233.45%	36.24%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See notes to the required supplementary information

CITY OF COLUMBIANA, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.017064%	0.016827%	0.017268%	0.017080%
\$2,356,986	(\$299,784)	(\$540,858)	\$107,692
\$2,466,164	\$2,426,336	\$2,567,193	\$2,711,464
95.57%	(12.36%)	(21.07%)	3.97%
47.80%	115.57%	128.23%	94.79%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.030513%	0.030737%	0.029942%	0.029649%
\$301,393	\$325,663	\$328,187	\$211,089
\$808,768	\$836,353	\$848,221	\$895,626
37.27%	38.94%	38.69%	23.57%
47.08%	45.42%	46.86%	52.59%

CITY OF COLUMBIANA, OHIO

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

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
Contractually required contribution	\$45,969	\$45,798	\$46,822	\$23,447
Contributions in relation to the contractually required contribution	45,969	45,798	46,822	23,447
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$2,298,467	\$2,289,892	\$2,341,092	\$2,344,685
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
Contractually required contribution	\$3,239	\$3,150	\$3,129	\$3,463
Contributions in relation to the contractually required contribution	3,239	3,150	3,129	3,463
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$647,789	\$630,032	\$625,784	\$692,632
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

See notes to the required supplementary information

CITY OF COLUMBIANA, OHIO

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,443,779	\$2,466,164	\$2,426,336	\$2,567,193	\$2,711,464	\$2,964,971
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$3,746	\$4,044	\$4,182	\$4,241	\$4,478	\$5,331
<u>3,746</u>	<u>4,044</u>	<u>4,182</u>	<u>4,241</u>	<u>4,478</u>	<u>5,331</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$749,200	\$808,768	\$836,353	\$848,221	\$895,626	\$1,066,211
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

CITY OF COLUMBIANA, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF COLUMBIANA, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2023.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

CITY OF COLUMBIANA, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

CITY OF COLUMBIANA, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2023: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

CITY OF COLUMBIANA, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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

City of Columbiana
Columbiana County
28 West Friend Street
Columbiana, OH 44408

To the Members of the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbiana, Columbiana County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2024. We noted significant prior period adjustments due to revaluation of its capital assets.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2023-001.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated December 17, 2024.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 17, 2024

City of Columbiana
Columbiana County
Schedule of Findings
December 31, 2023

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2023-001 – Non-Compliance

Restrictions on Appropriating and Expending Money

Ohio Rev. Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. Then and Now Certificate: If the fiscal officer can certify both at the time that the contract or order was made “then” at the time that the fiscal officer is completing the certification “now”, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

2. Blanket Certificate: Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.
3. Super Blanket Certificate: The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

In 2023, 48% of expenditures tested had an invoice date that was prior to the issuance of a purchase order and a “then and now” was not issued. Incurring obligations prior to the fiscal officer’s certification could result in the City spending more than appropriated.

City of Columbiana
Columbiana County
Schedule of Findings
December 31, 2023

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number: 2023-001 – Non-Compliance (continued)

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, the fiscal officer should certify funds are or will be available prior to obligation by the City. Management can use blanket purchase orders or super blanket purchase orders to assist in complying with this requirement. When prior certification is not possible, "then and now" certification should be used.

Managements' Response:

See Corrective Action Plan.

City of Columbiana
Columbiana County
Schedule of Prior Audit Findings
For the Year Ended December 31, 2023
Prepared by Management

Finding Number	Finding Summary	Status	Additional Information
2022-001	Capital asset listing discrepancies. Capital asset policies	Corrected	
2022-002	Financial statement reporting errors.	Corrected	

City of Columbiana
Columbiana County
Corrective Action Plan
For the Year Ended December 31, 2023
Prepared by Management

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Management will work to ensure all transaction have proper certification prior to purchase.	Immediately	Kevin Smith, Finance Director

OHIO AUDITOR OF STATE KEITH FABER



CITY OF COLUMBIANA

COLUMBIANA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/28/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov