

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SINGLE AUDIT

JANUARY 1, 2024 – DECEMBER 31, 2024





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Columbus, Ohio 43215
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City Council
City of Canal Winchester
45 E. Waterloo Street
Canal Winchester, Ohio 43110-1213

We have reviewed the *Independent Auditor's Report* of the City of Canal Winchester, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2023 through December 31, 2024. 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 Canal Winchester is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 12, 2026

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**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY, OHIO**

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FRANKLIN COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

City of Canal Winchester
Franklin County
45 E. Waterloo Street
Canal Winchester, Ohio 43110-1213

To the City Council:

Report on the Audit of the Financial Statements

Opinions

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 Canal Winchester, Franklin County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canal Winchester, Franklin County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Gender Road TIF funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 opinions.

Emphasis of Matter

As discussed in Note 3.B. to the basic financial statements, during 2024, the City adopted new accounting guidance in the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, and 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2025, 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.

Wilson, Shumard & Snow, Inc.

Newark, Ohio
July 28, 2025

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The management's discussion and analysis of the City of Canal Winchester's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$10,327,615 from 2023 net position. Net position of governmental activities increased \$9,618,164 or 19% while business-type activities increased \$709,451 or 1% over 2023 net position, respectively.
- General revenues accounted for \$17,464,928 or 82% of total governmental activities revenue. Program specific revenues accounted for \$3,873,485 or 18% of total governmental activities revenue.
- The City had \$11,720,249 in expenses related to governmental activities; \$3,873,485 of these expenses was offset by program specific charges for services and sales, grants or contributions. The remaining expenses of the governmental activities of \$7,846,764 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$17,464,928.
- The general fund had revenues of \$16,691,106 and expenditures and other financing uses of \$17,088,799. The net decrease in fund balance for the general fund was \$397,693 or 2%.
- The debt service fund had other financing sources of \$3,651,172 and expenditures and other financing uses of \$3,654,716. The net decrease in fund balance for the debt service fund was \$3,544 from prior year.
- The gender road tax increment financing fund had revenues of \$922,952 and expenditures of \$476,975. The net increase in fund balance was \$445,977.
- The federal capital grants fund had revenues and other financing sources of \$2,963,560 and expenditures of \$2,124,802. The net increase in fund balance was \$838,758.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, debt service fund, gender road tax increment financing fund, and federal capital grants fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. All of the enterprise funds are considered major funds.

CITY OF CANAL WINCHESTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Fiduciary Funds

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

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2024 and 2023, as restated.

| | Net Position | | | | | |
|---------------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|------------------------------|------------------------------|
| | Governmental Activities 2024 | Business-type Activities 2024 | Governmental Activities 2023 | Business-type Activities 2023 | Total 2024 | Total 2023 |
| Assets | | | | | | |
| Current and other assets | \$ 32,309,987 | \$ 21,404,820 | \$ 31,899,706 | \$ 20,610,910 | \$ 53,714,807 | \$ 52,510,616 |
| Nondepreciable capital assets | 10,469,192 | 3,020,174 | 6,185,150 | 5,428,020 | 13,489,366 | 11,613,170 |
| Depreciable capital assets, net | 29,282,381 | 40,145,813 | 28,640,065 | 38,799,353 | 69,428,194 | 67,439,418 |
| Capital assets, net | <u>39,751,573</u> | <u>43,165,987</u> | <u>34,825,215</u> | <u>44,227,373</u> | <u>82,917,560</u> | <u>79,052,588</u> |
| Total assets | <u>72,061,560</u> | <u>64,570,807</u> | <u>66,724,921</u> | <u>64,838,283</u> | <u>136,632,367</u> | <u>131,563,204</u> |
| Deferred outflows of resources | 1,043,748 | 414,941 | 1,416,757 | 776,402 | 1,458,689 | 2,193,159 |
| Liabilities | | | | | | |
| Current and other liabilities | 1,416,475 | 279,941 | 5,142,691 | 962,336 | 1,696,416 | 6,105,027 |
| Long-term liabilities: | | | | | | |
| Due within one year | 1,119,860 | 529,575 | 1,335,249 | 744,867 | 1,649,435 | 2,080,116 |
| Net pension liability | 3,012,572 | 1,230,488 | 3,162,584 | 1,291,759 | 4,243,060 | 4,454,343 |
| Net OPEB liability | - | - | 68,467 | 27,965 | - | 96,432 |
| Due in more than one year | 4,680,790 | 3,701,983 | 5,489,923 | 4,013,630 | 8,382,773 | 9,503,553 |
| Total liabilities | <u>10,229,697</u> | <u>5,741,987</u> | <u>15,198,914</u> | <u>7,040,557</u> | <u>15,971,684</u> | <u>22,239,471</u> |
| Deferred inflows of resources | 3,125,576 | 683,734 | 2,234,909 | 723,552 | 3,809,310 | 2,958,461 |
| Net Position | | | | | | |
| Net investment in capital assets | 34,182,872 | 39,244,664 | 24,937,343 | 39,066,035 | 73,427,536 | 64,003,378 |
| Restricted: | | | | | | |
| Capital projects | 3,635,047 | - | 2,130,875 | - | 3,635,047 | 2,130,875 |
| Transportation projects | 1,477,332 | - | 1,574,929 | - | 1,477,332 | 1,574,929 |
| Leisure time activity | 419,395 | - | 413,750 | - | 419,395 | 413,750 |
| Community environment | 49,165 | - | - | - | 49,165 | - |
| Net OPEB | 104,968 | 42,873 | - | - | 147,841 | - |
| Unrestricted | <u>20,457,240</u> | <u>19,272,490</u> | <u>21,650,958</u> | <u>18,784,541</u> | <u>39,729,730</u> | <u>40,435,499</u> |
| Total net position | <u><u>\$ 60,326,019</u></u> | <u><u>\$ 58,560,027</u></u> | <u><u>\$ 50,707,855</u></u> | <u><u>\$ 57,850,576</u></u> | <u><u>\$ 118,886,046</u></u> | <u><u>\$ 108,558,431</u></u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

The net pension liability (NPL) reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27" is one of the larger liabilities reported by the City at December 31, 2024. 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, the net pension liability to the reported net position and subtracting the net pension liability and deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all governmental 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/(asset)*. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension 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 pension 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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
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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. 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 are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows. Over time, net position can serve as a useful indicator of a government's financial position. At year-end, net position was \$118,886,046 which comprised \$60,326,019 and \$58,560,027 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 54% and 66% of total assets and deferred outflows of resources for the governmental activities and business-type activities, respectively. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, intangibles, construction in progress and infrastructure. The City's net investment in capital assets at December 31, 2024, were \$34,182,872 and \$39,244,664 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the City's net position, \$5,728,780 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$20,457,240 may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

As the preceding table illustrates, the most significant changes in net position were related to the City's net pension liability and net OPEB liability/(asset), and the related deferred inflows/outflows of resources. These amounts will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the City's proportionate share of the net pension and net OPEB cost. As a result 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/(asset) to the reported net position and subtracting deferred outflows related to pension and OPEB as follows:

| | Governmental Activities | Business-Type Activities | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 2024 | 2024 | 2023 | 2023 |
| Net position (with GASB 68 and GASB 75) | \$ 60,326,019 | \$ 58,560,027 | \$ 50,925,459 | \$ 57,850,576 |
| GASB 68 calculations: | | | | |
| Add net pension liability | 3,012,572 | 1,230,488 | 3,162,584 | 1,291,759 |
| Less deferred outflows related to pension | (925,822) | (378,153) | (1,167,938) | (687,589) |
| GASB 75 calculations: | | | | |
| Add deferred inflows related to OPEB | 60,062 | 24,532 | 22,581 | 9,223 |
| Add net OPEB liability | - | - | 68,467 | 27,965 |
| Less net OPEB asset | (104,968) | (42,873) | - | - |
| Less deferred outflows related to OPEB | (90,064) | (36,788) | (209,262) | (76,442) |
| Net position (without GASB 68 and GASB 75) | <u>\$ 62,277,799</u> | <u>\$ 59,357,233</u> | <u>\$ 52,801,891</u> | <u>\$ 58,415,492</u> |

The table on the following page provides a summary of the revenues and expenses and other changes in the City's net position for 2024 compared to 2023, as restated.

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

| | Change in Net Position | | | | | |
|------------------------------------|-------------------------------|---------------|---------------|---------------|----------------|----------------|
| | Governmental | | Business-type | | Governmental | |
| | Activities | Activities | Activities | Activities | Total | Total |
| | 2024 | 2024 | 2023 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 1,006,861 | \$ 6,683,680 | \$ 985,949 | \$ 4,854,585 | \$ 7,690,541 | \$ 5,840,534 |
| Operating grants and contributions | 1,320,989 | - | 1,010,089 | - | 1,320,989 | 1,010,089 |
| Capital grants and contributions | 1,545,635 | - | 326,886 | 2,806,186 | 1,545,635 | 3,133,072 |
| Total program revenues | 3,873,485 | 6,683,680 | 2,322,924 | 7,660,771 | 10,557,165 | 9,983,695 |
| General revenues: | | | | | | |
| Property and other local taxes | 774,793 | - | 874,578 | - | 774,793 | 874,578 |
| Income taxes | 12,720,596 | - | 12,165,892 | - | 12,720,596 | 12,165,892 |
| Lodging taxes | 593,293 | - | 274,426 | - | 593,293 | 274,426 |
| Payment in lieu of taxes | 1,346,366 | - | 1,127,538 | - | 1,346,366 | 1,127,538 |
| Grants and entitlements | 257,842 | - | 256,271 | - | 257,842 | 256,271 |
| Investment earnings | 1,713,717 | 2,381 | 1,431,459 | 621 | 1,716,098 | 1,432,080 |
| Contributions and donations | 1,000 | - | 17,125 | - | 1,000 | 17,125 |
| Other | 57,321 | 53,231 | 235,952 | 694 | 110,552 | 236,646 |
| Total general revenues | 17,464,928 | 55,612 | 16,383,241 | 1,315 | 17,520,540 | 16,384,556 |
| Total revenues | 21,338,413 | 6,739,292 | 18,706,165 | 7,662,086 | 28,077,705 | 26,368,251 |
| Program Expenses: | | | | | | |
| General government | 3,681,863 | - | 4,124,685 | - | 3,681,863 | 4,124,685 |
| Security of persons and property | 1,647,749 | - | 1,631,474 | - | 1,647,749 | 1,631,474 |
| Public health and welfare | 181,881 | - | 161,193 | - | 181,881 | 161,193 |
| Transportation | 3,280,345 | - | 2,031,243 | - | 3,280,345 | 2,031,243 |
| Community environment | 919,819 | - | 1,188,355 | - | 919,819 | 1,188,355 |
| Leisure time activity | 1,782,085 | - | 1,740,900 | - | 1,782,085 | 1,740,900 |
| Interest and fiscal charges | 226,507 | - | 323,974 | - | 226,507 | 323,974 |
| Sewer operating | - | 2,910,251 | - | 2,744,119 | 2,910,251 | 2,744,119 |
| Water operating | - | 2,673,044 | - | 2,437,199 | 2,673,044 | 2,437,199 |
| Storm water operating | - | 446,546 | - | 651,494 | 446,546 | 651,494 |
| Total expenses | 11,720,249 | 6,029,841 | 11,201,824 | 5,832,812 | 17,750,090 | 17,034,636 |
| Increase in net position | 9,618,164 | 709,451 | 7,504,341 | 1,829,274 | 10,327,615 | 9,333,615 |
| Net position beginning of year | 50,707,855 | 57,850,576 | 43,421,118 | 56,021,302 | 108,558,431 | 99,442,420 |
| Net position end of year | \$ 60,326,019 | \$ 58,560,027 | \$ 50,925,459 | \$ 57,850,576 | \$ 118,886,046 | \$ 108,776,035 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$9,618,164 which is a result of higher general revenues, specifically income taxes and investment income. Capital grants and other contributions also increased \$1,218,749 as new federal money was received for road improvement projects.

Security of persons and property, which primarily supports the operations of the Fairfield County Sheriff's department, was \$1,647,749 or 14% of total City expenses. General government expenses totaled \$3,681,863 and were partially funded by \$622,093 in direct charges to users of the services and \$564,714 in operating grants and contributions.

The State government contributed to the City a total of \$756,275 in operating grants and contributions and the Federal government contributed \$1,545,635 for transportation purposes.

General revenues totaled \$17,464,928 and primarily consist of property and income tax revenue of \$13,495,389.

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 compared to 2023, as restated. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses

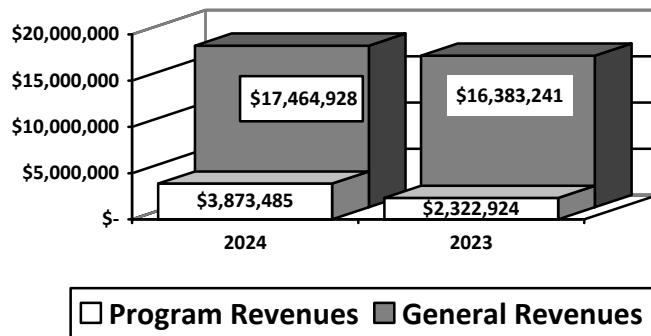
| | 2024 | | 2023 (Restated) | |
|--------------------------------|------------------------|----------------------|------------------------|----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Program Expenses: | | | | |
| General government | \$ 3,681,863 | \$ 2,495,056 | \$ 4,124,685 | \$ 3,192,685 |
| Security of persons & property | 1,647,749 | 1,647,749 | 1,631,474 | 1,631,474 |
| Public health and welfare | 181,881 | 131,622 | 161,193 | 159,603 |
| Transportation | 3,280,345 | 942,067 | 2,031,243 | 910,767 |
| Community environment | 919,819 | 885,509 | 1,188,355 | 1,188,355 |
| Leisure time activity | 1,782,085 | 1,518,254 | 1,740,900 | 1,472,042 |
| Interest and fiscal charges | 226,507 | 226,507 | 323,974 | 323,974 |
| Total | \$ 11,720,249 | \$ 7,846,764 | \$ 11,201,824 | \$ 8,878,900 |

The chart below illustrates the City's program revenues versus general revenues for 2024 and 2023.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

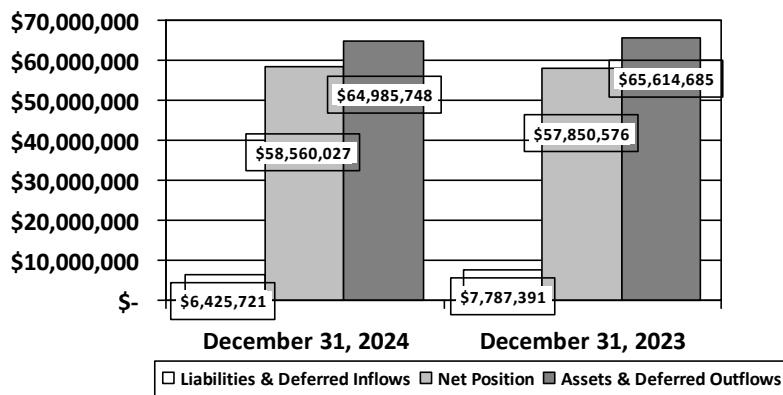
Governmental Activities – General and Program Revenues



Business-type Activities

Business-type activities include the water, sewer, and storm water enterprise funds. These programs had program revenues of \$6,683,680 and expenses of \$6,029,841 for 2024. The graph below shows the business-type activities assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position at year-end.

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$25,999,036 which is \$3,742,531 higher than last year's total of \$22,256,505. The schedule below indicates the fund balances and the total change in fund balances for all major and non-major governmental funds.

| | <u>Fund Balances</u> <u>12/31/2024</u> | <u>Fund Balances</u> <u>12/31/2023</u> | <u>Increase</u> <u>(Decrease)</u> |
|-----------------------------------|---|---|--------------------------------------|
| Major funds: | | | |
| General fund | \$ 20,277,722 | \$ 20,675,415 | \$ (397,693) |
| Debt service fund | 13,064 | 16,608 | (3,544) |
| Gender road tif fund | 218,755 | (227,222) | 445,977 |
| Federal capital grants fund | 838,758 | - | 838,758 |
| Other nonmajor governmental funds | 4,650,737 | 1,791,704 | 2,859,033 |
| Total | <u>\$ 25,999,036</u> | <u>\$ 22,256,505</u> | <u>\$ 3,742,531</u> |

General Fund

The City's general fund balance decreased \$397,693. As the table on the following page illustrates, Income taxes revenue is by far the general fund's largest revenue source, representing 76% of total general fund revenues in 2024. Collections increased from 2023 based on higher interest rates as investment income increased \$331,095 while the decrease in fines, licenses and permits of \$88,570 was primarily driven by lower building permits and inspection fees.

The table that follows assists in illustrating the revenues of the general fund which increased 8.15% from the prior year.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

| | 2024 Amount | 2023 Amount | Percentage Change |
|-----------------------------|-----------------------------|-----------------------------|----------------------|
| Revenues | | | |
| Taxes | \$ 13,796,900 | \$ 12,721,698 | 8.45 % |
| Intergovernmental | 249,755 | 289,733 | (13.80) % |
| Special assessments | 112,257 | 123,637 | (9.20) % |
| Charges for services | 195,891 | 157,728 | 24.20 % |
| Fines, licenses and permits | 584,980 | 673,550 | (13.15) % |
| Rental income | 54,050 | 34,130 | 58.37 % |
| Investment income | 1,642,340 | 1,311,245 | 25.25 % |
| Other | 54,933 | 120,860 | (54.55) % |
| Total | <u>\$ 16,691,106</u> | <u>\$ 15,432,581</u> | 8.15 % |

The following table provides the change in general fund expenditures.

| | 2024 Amount | 2023 Amount | Percentage Change |
|----------------------------------|-----------------------------|-----------------------------|----------------------|
| Expenditures | | | |
| General government | \$ 3,545,929 | \$ 3,915,943 | (9.45) % |
| Security of persons and property | 1,647,749 | 1,631,474 | 1.00 % |
| Public health and welfare | 181,881 | 161,193 | 12.83 % |
| Transportation | 3,868,795 | 1,574,802 | 145.67 % |
| Community environment | 860,188 | 1,102,827 | (22.00) % |
| Leisure time activity | 851,206 | 870,073 | (2.17) % |
| Capital outlay | 1,051,087 | 436,536 | 140.78 % |
| Debt service | 411,038 | 428,476 | (4.07) % |
| Total | <u>\$ 12,417,873</u> | <u>\$ 10,121,324</u> | 22.69 % |

Expenditures increased 22.69% primarily driven by increases in capital outlay and transportation expenses. Increases in these categories are based on the general fund providing resources for various capital-intensive projects throughout the City.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then appropriations can be adjusted accordingly. Budgetary information is presented for the general fund noting actual revenues and other financing sources came in \$1,996,194 higher than the final budget and actual expenditures and other financing uses were \$1,810,716 less than the final budget.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Debt Service Fund

The debt service fund had other financing sources of \$3,651,172 and expenditures and other financing uses of \$3,654,716. The net decrease in fund balance for the debt service fund was \$3,544 from prior year.

Gender Road TIF Fund

The gender road tax increment financing fund had revenues of \$922,952 and expenditures of \$476,975. The net increase in fund balance was \$445,977.

Federal Capital Grants Fund

The federal capital grants fund had revenues and other financing sources of \$2,963,560 and expenditures of \$2,124,802. The net increase in fund balance was \$838,758.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$82,917,560 (net of accumulated depreciation) invested in land, construction in progress, intangibles, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Of this total, \$39,751,573 was reported in governmental activities and \$43,165,987 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2024 balances compared to 2023.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Capital Assets at December 31
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 3,673,558 | \$ 3,673,558 | \$ 913,400 | \$ 913,400 | \$ 4,586,958 | \$ 4,586,958 |
| Construction in progress | 6,403,075 | 2,157,057 | 1,791,451 | 4,199,297 | 8,194,526 | 6,356,354 |
| Intangibles | 392,559 | 354,535 | 315,323 | 315,323 | 707,882 | 669,858 |
| Land improvements | 2,983,477 | 3,091,961 | - | - | 2,983,477 | 3,091,961 |
| Building & improve. | 9,332,522 | 9,159,892 | 8,593,216 | 8,856,114 | 17,925,738 | 18,016,006 |
| Equipment | 1,783,986 | 1,823,474 | 1,874,621 | 1,910,079 | 3,658,607 | 3,733,553 |
| Vehicles | 286,592 | 327,830 | 439,434 | 83,023 | 726,026 | 410,853 |
| Infrastructure | <u>14,895,804</u> | <u>14,236,908</u> | <u>29,238,542</u> | <u>27,950,137</u> | <u>44,134,346</u> | <u>42,187,045</u> |
| Totals | <u>\$ 39,751,573</u> | <u>\$ 34,825,215</u> | <u>\$ 43,165,987</u> | <u>\$ 44,227,373</u> | <u>\$ 82,917,560</u> | <u>\$ 79,052,588</u> |

Debt Administration

The City had the following short and long-term debt obligations outstanding at December 31, 2024 and 2023:

| | Governmental Activities | |
|-----------------------------------|-------------------------|---------------------|
| | 2024 | 2023 |
| General obligation bonds | \$ 2,005,000 | \$ 2,565,000 |
| OPWC loans | 1,510,985 | 1,690,114 |
| Bond anticipation notes | - | 3,000,000 |
| Financed purchase - lease | 14,745 | 43,132 |
| Notes payable - financed purchase | <u>1,697,628</u> | <u>2,032,852</u> |
| Total debt obligations | <u>\$ 5,228,358</u> | <u>\$ 9,331,098</u> |

| | Business-type Activities | |
|------------------------|--------------------------|---------------------|
| | 2024 | 2023 |
| Revenue bonds | \$ - | \$ 335,000 |
| OPWC loans | 567,016 | 602,798 |
| OWDA loans | <u>3,299,160</u> | <u>3,572,653</u> |
| Total debt obligations | <u>\$ 3,866,176</u> | <u>\$ 4,510,451</u> |

See Notes 11, 12 and 13 to the basic financial statements for detail on the City's debt obligations.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Economic Factors and Next Year's Budget and Rates

The City of Canal Winchester's financial condition has continued to improve over the past five years despite the challenges of State government changes and a global pandemic. City leaders continue to closely monitor revenue and expenditures, particularly its largest source of revenue, income tax collections. Income tax revenue was \$12.7 million in 2024 – a 5% increase over 2023 and a 12% increase over 2022. This growth has given the City the opportunity to continue the development of McGill Park, a 89-acre city park, upgrade equipment, purchase new vehicles, and continue to provide a high level of service to its residents.

The Ohio Legislature passed legislation regarding the uniformity of municipal income taxes throughout the State in 2014, which became effective January 1, 2016. Additional legislation was passed in 2017 that created a centralized collection method for municipal net profit taxpayers effective for tax years beginning on or after January 1, 2018. This move is seen by many as the first step towards centralized collection across the state and a detriment to the future of the city's control over its income taxes. Many municipalities disagreed with these decisions and filed suit against the State Tax Commissioner in 2018. In November 2020, the Ohio Supreme Court reversed a decision of the Franklin County Court of Appeals upholding a portion of House Bill 49 allowing the State to retain 0.5% of municipal net-profit taxes collected under this provision. The reversal of this decision resulted in municipalities receiving a refund from the State of these fees dating back to 2018. The dollar amount of this refund for the City was negligible.

Overall, the City has not experienced the downturn in income tax collections that was originally anticipated at the time of the initial legislation's passage. However, additional legislation has been introduced at the State level in regards to local income taxes, as well as other municipal revenue sources and powers, that is of concern to the City. City administration continues to monitor the activity of the Ohio General Assembly and will address any necessary budgetary changes as identified.

The COVID-19 pandemic has also changed the way business is being conducted in the State of Ohio. Employers across the State are allowing their employees to work remotely, rather than reporting to a physical location each day. The 133rd General Assembly passed Amended Substitute House Bill 197 in March 2020 which enacted a temporary rule allowing employers to continue withholding municipal income taxes based on an employee's principal place of work, rather than their municipality of residence. This rule expired on December 31, 2021. Additionally, House Bill 110 was enacted in 2021 which allows employees who worked remotely in 2021 to claim refunds of taxes paid to principal places of work rather than place of residency. An analysis on potential effects on the City's income tax revenue has not been conducted at this time but is not anticipated to be significant.

In addition, the following items were taken into consideration during preparation of the 2025 budget:

- Residential, commercial, and industrial development has increased over the last several years. Growth is expected to slow in the near short-term.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

- The cost of repair and replacement of City infrastructure continues to increase.
- An equipment replacement schedule is in place to allow for proper planning of high dollar purchases.
- The availability of undeveloped commercial and industrial property has decreased in the last several years. The City is aware of the impact this can have on income tax collections and is working to identify property for future development.
- Long term planning initiatives that were undertaken in the last three to five years are now being programmed for completion in 2025 and 2026. These projects include Phases II and III of McGill Park and a sanitary sewer plant project, which will be the largest single capital project undertaken by the City in its history.
- A growing population, as well as an aging workforce, will require the addition and replacement of staffing over the next several years.
- Unemployment rates in Ohio reached a high of 16.4% in April 2020, a direct result of the effects of COVID-19. Rates have steadily decreased since that time and have returned to pre-pandemic levels ending 2024 at 4.5%. Ohio's unemployment rate in April 2025 was 4.9%, which is above the national average of 4.2% during the same time period.

The City has seen tremendous growth in its fund balances over the last five years. These increases, while very beneficial to the City's future plans, have not affected budgeting practices. The City continues to practice conservative budgeting in order to preserve its solid financial position into the future.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Amanda Jackson, Finance Director, City of Canal Winchester, 45 E. Waterloo Street, Canal Winchester, Ohio 43110-1213.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2024

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|------------------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 26,707,309 | \$ 19,226,426 | \$ 45,933,735 |
| Receivables: | | | |
| Income taxes | 2,541,152 | - | 2,541,152 |
| Real and other taxes | 926,187 | - | 926,187 |
| Accounts | 17,613 | 749,168 | 766,781 |
| Payments in lieu of taxes | 1,634,828 | - | 1,634,828 |
| Accrued interest | 170,043 | 1,210 | 171,253 |
| Special assessments | 64,713 | - | 64,713 |
| Due from other governments | 481,991 | - | 481,991 |
| Leases | - | 698,602 | 698,602 |
| Internal balances | (554,525) | 554,525 | - |
| Prepayments | 89,196 | 68,671 | 157,867 |
| Materials and supplies inventory | 126,512 | 63,345 | 189,857 |
| Net OPEB asset | 104,968 | 42,873 | 147,841 |
| Capital assets: | | | |
| Nondepreciable capital assets | 10,469,192 | 3,020,174 | 13,489,366 |
| Depreciable capital assets, net | 29,282,381 | 40,145,813 | 69,428,194 |
| Total capital assets, net | <u>39,751,573</u> | <u>43,165,987</u> | <u>82,917,560</u> |
| Total assets | <u>72,061,560</u> | <u>64,570,807</u> | <u>136,632,367</u> |
| Deferred outflows of resources: | | | |
| Unamortized deferred charges on debt refunding | 27,862 | - | 27,862 |
| OPEB | 90,064 | 36,788 | 126,852 |
| Pension | 925,822 | 378,153 | 1,303,975 |
| Total deferred outflows of resources | <u>1,043,748</u> | <u>414,941</u> | <u>1,458,689</u> |
| Total assets and deferred outflows of resources | <u>73,105,308</u> | <u>64,985,748</u> | <u>138,091,056</u> |
| Liabilities: | | | |
| Accounts payable | 452,828 | 89,986 | 542,814 |
| Contracts payable | 338,205 | 55,147 | 393,352 |
| Retainage payable | 30,000 | - | 30,000 |
| Accrued wages and benefits payable | 100,804 | 42,157 | 142,961 |
| Due to other governments | 490,578 | 67,077 | 557,655 |
| Accrued interest payable | 4,060 | 25,574 | 29,634 |
| Long-term liabilities: | | | |
| Due within one year | 1,119,860 | 529,575 | 1,649,435 |
| Due in more than one year: | | | |
| Net pension liability | 3,012,572 | 1,230,488 | 4,243,060 |
| Other amount due in more than one year | <u>4,680,790</u> | <u>3,701,983</u> | <u>8,382,773</u> |
| Total liabilities | <u>10,229,697</u> | <u>5,741,987</u> | <u>15,971,684</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 854,702 | - | 854,702 |
| Payment in lieu of tax revenue not available | 1,634,828 | - | 1,634,828 |
| OPEB | 60,062 | 24,532 | 84,594 |
| Leases | - | 659,202 | 659,202 |
| Total deferred inflows of resources | <u>2,549,592</u> | <u>683,734</u> | <u>3,233,326</u> |
| Total liabilities and deferred inflows of resources | <u>12,779,289</u> | <u>6,425,721</u> | <u>19,205,010</u> |
| Net position: | | | |
| Net investment in capital assets | 34,182,872 | 39,244,664 | 73,427,536 |
| Restricted for: | | | |
| Capital projects | 3,635,047 | - | 3,635,047 |
| Transportation | 1,477,332 | - | 1,477,332 |
| Leisure time activity | 419,395 | - | 419,395 |
| Community environment | 49,165 | - | 49,165 |
| Net OPEB | 104,968 | 42,873 | 147,841 |
| Unrestricted | <u>20,457,240</u> | <u>19,272,490</u> | <u>39,729,730</u> |
| Total net position | <u><u>\$ 60,326,019</u></u> | <u><u>\$ 58,560,027</u></u> | <u><u>\$ 118,886,046</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Program Revenues | | | | | |
|----------------------------------|-----------------------------|---|---|---|----------------------------|---|
| | Expenses | Charges for Services and Sales | | Operating Grants and Contributions | | Capital Grants and Contributions |
| | | Charges for Services and Sales | Operating Grants and Contributions | | | |
| Governmental activities: | | | | | | |
| General government | \$ 3,681,863 | \$ 622,093 | \$ 564,714 | \$ - | \$ - | \$ - |
| Security of persons and property | 1,647,749 | - | - | - | - | - |
| Public health and welfare | 181,881 | 50,259 | - | - | - | - |
| Transportation | 3,280,345 | 36,368 | 756,275 | 1,545,635 | - | - |
| Community environment | 919,819 | 34,310 | - | - | - | - |
| Leisure time activity | 1,782,085 | 263,831 | - | - | - | - |
| Interest and fiscal charges | 226,507 | - | - | - | - | - |
| Total governmental activities | <u>11,720,249</u> | <u>1,006,861</u> | <u>1,320,989</u> | <u>1,545,635</u> | <u>1,545,635</u> | <u>1,545,635</u> |
| Business-type activities: | | | | | | |
| Water | 2,673,044 | 2,804,935 | - | - | - | - |
| Sewer | 2,910,251 | 3,458,896 | - | - | - | - |
| Storm water | 446,546 | 419,849 | - | - | - | - |
| Total business-type activities | <u>6,029,841</u> | <u>6,683,680</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u><u>\$ 17,750,090</u></u> | <u><u>\$ 7,690,541</u></u> | <u><u>\$ 1,320,989</u></u> | <u><u>\$ 1,545,635</u></u> | <u><u>\$ 1,545,635</u></u> | <u><u>\$ 1,545,635</u></u> |

General revenues:

Property taxes levied for:
 General purposes
 Income taxes levied for:
 General purposes
 Lodging taxes levied for:
 General purposes
 Special revenue
 Payments in lieu of taxes
 Grants and entitlements not restricted
 to specific programs
 Investment earnings
 Contributions and donations
 Other

Total general revenues

Change in net position

**Net position at beginning of year,
as previously reported**

Restatement - change in accounting principle

Net position at beginning of year, as restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|--|--|--|
| \$ (2,495,056) | \$ - | \$ (2,495,056) |
| (1,647,749) | - (1,647,749) | |
| (131,622) | - (131,622) | |
| (942,067) | - (942,067) | |
| (885,509) | - (885,509) | |
| (1,518,254) | - (1,518,254) | |
| (226,507) | - (226,507) | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| (7,846,764) | - (7,846,764) | (7,846,764) |
| | | |
| | 131,891 | 131,891 |
| | 548,645 | 548,645 |
| | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| | (26,697) | (26,697) |
| | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| | 653,839 | 653,839 |
| | | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| (7,846,764) | 653,839 | (7,192,925) |
| | | |
| | 774,793 | 774,793 |
| | | |
| 12,720,596 | - 12,720,596 | |
| | | |
| 300,866 | 300,866 | |
| 292,427 | - 292,427 | |
| 1,346,366 | - 1,346,366 | |
| | | |
| 257,842 | 257,842 | |
| 1,713,717 | 2,381 1,716,098 | |
| 1,000 | - 1,000 | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| 57,321 | 53,231 | 110,552 |
| | | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| 17,464,928 | 55,612 | 17,520,540 |
| | | |
| 9,618,164 | 709,451 | 10,327,615 |
| | | |
| 50,925,459 | 57,927,720 | 108,853,179 |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| (217,604) | (77,144) | (294,748) |
| | | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| 50,707,855 | 57,850,576 | 108,558,431 |
| | | |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| \$ 60,326,019 | \$ 58,560,027 | \$ 118,886,046 |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

| | General | Gender Road TIF | Debt Service | Federal Capital Grants |
|--|----------------------|--------------------------------|-------------------------|---------------------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 20,148,186 | \$ 946,804 | \$ 13,064 | \$ 1,149,247 |
| Receivables: | | | | |
| Income taxes | 2,541,152 | - | - | - |
| Real and other taxes | 897,400 | - | - | - |
| Accounts | 15,325 | - | - | - |
| Payments in lieu of taxes | - | 1,134,032 | - | - |
| Accrued interest | 170,043 | - | - | - |
| Special assessments | 64,713 | - | - | - |
| Due from other governments | 122,588 | - | - | - |
| Advances to other funds | 160,000 | - | - | - |
| Prepayments | 87,402 | - | - | - |
| Materials and supplies inventory | 16,650 | - | - | - |
| Total assets | <u>\$ 24,223,459</u> | <u>\$ 2,080,836</u> | <u>\$ 13,064</u> | <u>\$ 1,149,247</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 446,932 | \$ - | \$ - | \$ - |
| Contracts payable | 27,716 | - | - | 310,489 |
| Retainage payable | 30,000 | - | - | - |
| Accrued wages and benefits payable | 89,521 | - | - | - |
| Advances from other funds | - | 714,525 | - | - |
| Due to other governments | 432,838 | 13,524 | - | - |
| Total liabilities | <u>1,027,007</u> | <u>728,049</u> | <u>-</u> | <u>310,489</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 854,702 | - | - | - |
| Delinquent property tax revenue not available | 13,911 | - | - | - |
| Accrued interest not available | 44,063 | - | - | - |
| Special assessments revenue not available | 64,321 | - | - | - |
| Payment in lieu of tax revenue not available | - | 1,134,032 | - | - |
| Income tax revenue not available | 1,847,743 | - | - | - |
| Nonexchange transactions not available | 93,990 | - | - | - |
| Total deferred inflows of resources | <u>2,918,730</u> | <u>1,134,032</u> | <u>-</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>3,945,737</u> | <u>1,862,081</u> | <u>-</u> | <u>310,489</u> |
| Fund balances: | | | | |
| Nonspendable | 264,052 | - | - | - |
| Restricted | - | 218,755 | - | 838,758 |
| Assigned | 5,355,063 | - | 13,064 | - |
| Unassigned | 14,658,607 | - | - | - |
| Total fund balances | <u>20,277,722</u> | <u>218,755</u> | <u>13,064</u> | <u>838,758</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 24,223,459</u> | <u>\$ 2,080,836</u> | <u>\$ 13,064</u> | <u>\$ 1,149,247</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Other Governmental Funds | Total Governmental Funds |
|---|---|
| \$ 4,450,008 | \$ 26,707,309 |
| - 2,541,152 | 2,541,152 |
| 28,787 926,187 | 926,187 |
| 2,288 17,613 | 17,613 |
| 500,796 1,634,828 | 1,634,828 |
| - 170,043 | 170,043 |
| - 64,713 | 64,713 |
| 359,403 481,991 | 481,991 |
| - 160,000 | 160,000 |
| 1,794 89,196 | 89,196 |
| 109,862 126,512 | 126,512 |
| <u>\$ 5,452,938</u> | <u>\$ 32,919,544</u> |
| \$ 5,896 452,828 | 452,828 |
| - 338,205 | 338,205 |
| - 30,000 | 30,000 |
| 11,283 100,804 | 100,804 |
| - 714,525 | 714,525 |
| 44,216 490,578 | 490,578 |
| <u>61,395</u> | <u>2,126,940</u> |
| - 854,702 | 854,702 |
| - 13,911 | 13,911 |
| - 44,063 | 44,063 |
| - 64,321 | 64,321 |
| 500,796 1,634,828 | 1,634,828 |
| - 1,847,743 | 1,847,743 |
| 240,010 334,000 | 334,000 |
| <u>740,806</u> | <u>4,793,568</u> |
| <u>802,201</u> | <u>6,920,508</u> |
| 111,656 375,708 | 375,708 |
| 4,539,081 5,596,594 | 5,596,594 |
| - 5,368,127 | 5,368,127 |
| - 14,658,607 | 14,658,607 |
| <u>4,650,737</u> | <u>25,999,036</u> |
| <u>\$ 5,452,938</u> | <u>\$ 32,919,544</u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances \$ 25,999,036

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

| | |
|--|---------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 39,751,573 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (4,060) |
| Unamortized deferred amounts on refundings are not recognized in the governmental funds. | 27,862 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | |
| Income taxes receivable | \$ 1,847,743 |
| Real and other taxes receivable | 13,911 |
| Intergovernmental receivable | 334,000 |
| Special assessments receivable | 64,321 |
| Investment income receivable | <u>44,063</u> |
| Total | 2,304,038 |

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

| | |
|-----------------------------|----------------|
| Deferred outflows - pension | 925,822 |
| Net pension liability | (3,012,572) |
| Deferred outflows - OPEB | 90,064 |
| Deferred inflows - OPEB | (60,062) |
| Net OPEB asset | <u>104,968</u> |
| Total | (1,951,780) |

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

| | |
|--|--------------------|
| Compensated absences | (572,292) |
| General obligation bonds payable | (2,005,000) |
| OPWC loans payable | (1,510,985) |
| Notes payable - financed purchase obligation | (1,697,628) |
| Financed purchases - leases | <u>(14,745)</u> |
| Total | <u>(5,800,650)</u> |

Net position of governmental activities \$ 60,326,019

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | General | Gender | Debt | Federal |
|--|----------------------|-------------------|------------------|-------------------|
| | Road | TIF | Service | Capital |
| | General | Road | TIF | Grants |
| Revenues: | | | | |
| Municipal income taxes | \$ 12,720,498 | \$ - | \$ - | \$ - |
| Real and other taxes | 1,076,402 | - | - | - |
| Charges for services | 195,891 | - | - | - |
| Fines, licenses and permits | 584,980 | - | - | - |
| Payments in lieu of taxes | - | 922,952 | - | - |
| Intergovernmental | 249,755 | - | - | 1,545,635 |
| Special assessments | 112,257 | - | - | - |
| Investment income | 1,642,340 | - | - | - |
| Rental income | 54,050 | - | - | - |
| Contributions and donations | - | - | - | - |
| Other | 54,933 | - | - | - |
| Total revenues | 16,691,106 | 922,952 | - | 1,545,635 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 3,545,929 | 436,975 | - | - |
| Security of persons and property | 1,647,749 | - | - | - |
| Public health and welfare | 181,881 | - | - | - |
| Transportation | 3,868,795 | - | - | - |
| Community environment | 860,188 | 40,000 | - | - |
| Leisure time activity | 851,206 | - | - | - |
| Capital outlay | 1,051,087 | - | - | 2,124,802 |
| Debt service: | | | | |
| Principal retirement | 335,224 | - | 504,129 | - |
| Interest and fiscal charges | 75,814 | - | 20,066 | - |
| Total expenditures | 12,417,873 | 476,975 | 524,195 | 2,124,802 |
| Excess (deficiency) of revenues over (under) expenditures | 4,273,233 | 445,977 | (524,195) | (579,167) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 3,651,172 | 1,417,925 |
| Transfers (out) | (4,670,926) | - | (3,130,521) | - |
| Total other financing sources (uses) | (4,670,926) | - | 520,651 | 1,417,925 |
| Net change in fund balances | (397,693) | 445,977 | (3,544) | 838,758 |
| Fund balances at beginning of year as previously reported | | | | |
| | 20,675,415 | (227,222) | 16,608 | - |
| Adjustment - changes from major to nonmajor fund | - | - | - | - |
| Fund balances at end of year, as adjusted | \$ 20,277,722 | \$ 218,755 | \$ 13,064 | \$ 838,758 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| (Formerly Major) Capital Improvement | (Formerly Major) State Capital Grants | Other Governmental Funds | Total Governmental Funds |
|--|--|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ 12,720,498 |
| | | 292,427 | 1,368,829 |
| | | - | 195,891 |
| | | 57,986 | 642,966 |
| | | 423,414 | 1,346,366 |
| | | 1,309,318 | 3,104,708 |
| | | - | 112,257 |
| | | 81,524 | 1,723,864 |
| | | - | 54,050 |
| | | 1,000 | 1,000 |
| | | 2,388 | 57,321 |
| | | 2,168,057 | 21,327,750 |
| | | | |
| | | 806,670 | 4,789,574 |
| | | - | 1,647,749 |
| | | - | 181,881 |
| | | 419,726 | 4,288,521 |
| | | - | 900,188 |
| | | 276,760 | 1,127,966 |
| | | 154,766 | 3,330,655 |
| | | 263,387 | 1,102,740 |
| | | 120,065 | 215,945 |
| | | 2,041,374 | 17,585,219 |
| | | | |
| | | 126,683 | 3,742,531 |
| | | | |
| | | 3,130,521 | 8,199,618 |
| | | (398,171) | (8,199,618) |
| | | 2,732,350 | - |
| | | | |
| | | 2,859,033 | 3,742,531 |
| | | | |
| (1,746,232) | (678,517) | 4,216,453 | 22,256,505 |
| 1,746,232 | 678,517 | (2,424,749) | - |
| \$ - | \$ - | \$ 4,650,737 | \$ 25,999,036 |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

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, 2024
 (UNAUDITED)

Net change in fund balances - total governmental funds \$ 3,742,531

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 expense exceeds capital outlays in the current period.

| | | |
|---------------------------|----|-------------|
| Capital asset additions | \$ | 6,071,921 |
| Current year depreciation | | (1,143,540) |
| Total | | 4,928,381 |

When capital assets are disposed of, the cost of the capital assets is removed from the capital asset

account in the statement of net position resulting in a loss on sale of capital assets in the statement of activities.

(2,023)

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

10,663

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

1,102,740

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

268,519

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

(349,236)

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.

| | | |
|---|----|----------|
| Accrued interest payable | \$ | 6,502 |
| Amortization of deferred amounts on refunding | | (11,695) |

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

(78,218)

Change in net position of governmental activities

\$ 9,618,164

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) | |
|---|-------------------------|----------------------|----------------------|---|--|
| | Original | Final | Actual | | |
| | | | | | |
| Revenues: | | | | | |
| Municipal income taxes | \$ 12,000,000 | \$ 12,000,000 | \$ 12,678,605 | \$ 678,605 | |
| Real and other taxes | 890,000 | 890,000 | 1,056,054 | 166,054 | |
| Charges for services | 173,000 | 173,000 | 196,751 | 23,751 | |
| Licenses, permits and fees | 759,650 | 759,650 | 586,448 | (173,202) | |
| Intergovernmental | 239,400 | 239,400 | 288,624 | 49,224 | |
| Special assessments | 122,000 | 122,000 | 111,865 | (10,135) | |
| Investment income | 300,000 | 300,000 | 1,636,826 | 1,336,826 | |
| Rental income | 35,000 | 35,000 | 54,050 | 19,050 | |
| Other | 15,000 | 15,000 | 152,498 | 137,498 | |
| Total revenues | 14,534,050 | 14,534,050 | 16,761,721 | 2,227,671 | |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 3,191,425 | 5,481,418 | 4,564,644 | 916,774 | |
| Security of persons and property | 1,738,000 | 2,047,618 | 2,038,846 | 8,772 | |
| Public health and welfare | 190,000 | 190,000 | 186,854 | 3,146 | |
| Transportation | 2,938,350 | 4,722,021 | 4,478,658 | 243,363 | |
| Community environment | 1,221,150 | 1,247,619 | 1,003,239 | 244,380 | |
| Leisure time activity | 1,338,875 | 1,384,440 | 1,291,195 | 93,245 | |
| Debt service: | | | | | |
| Principal retirement | 336,000 | 336,000 | 335,224 | 776 | |
| Interest and fiscal charges | 76,000 | 76,000 | 75,814 | 186 | |
| Total expenditures | 11,029,800 | 15,485,116 | 13,974,474 | 1,510,642 | |
| Excess of revenues over (under) expenditures | 3,504,250 | (951,066) | 2,787,247 | 3,738,313 | |
| Other financing sources (uses): | | | | | |
| Advances in | 771,477 | 771,477 | 540,000 | (231,477) | |
| Transfers (out) | (4,971,000) | (4,971,000) | (4,670,926) | 300,074 | |
| Total other financing sources (uses) | (4,199,523) | (4,199,523) | (4,130,926) | 68,597 | |
| Net change in fund balances | (695,273) | (5,150,589) | (1,343,679) | 3,806,910 | |
| Fund balance at beginning of year | 18,476,133 | 18,476,133 | 18,476,133 | - | |
| Prior year encumbrances appropriated | 1,922,747 | 1,922,747 | 1,922,747 | - | |
| Fund balance at end of year | \$ 19,703,607 | \$ 15,248,291 | \$ 19,055,201 | \$ 3,806,910 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENDER ROAD TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| | | | | |
| Revenues: | | | | |
| Payments in lieu of taxes | \$ 620,000 | \$ 620,000 | \$ 922,952 | \$ 302,952 |
| Total revenues | <u>620,000</u> | <u>620,000</u> | <u>922,952</u> | <u>302,952</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 105,582 | 505,582 | 481,988 | 23,594 |
| Total expenditures | <u>105,582</u> | <u>505,582</u> | <u>481,988</u> | <u>23,594</u> |
| Excess of revenues over (under) expenditures | <u>514,418</u> | <u>114,418</u> | <u>440,964</u> | <u>326,546</u> |
| Other financing sources (uses): | | | | |
| Advances (out) and not repaid | (300,000) | (300,000) | (300,000) | - |
| Total other financing sources (uses) | <u>(300,000)</u> | <u>(300,000)</u> | <u>(300,000)</u> | <u>-</u> |
| Net change in fund balances | 214,418 | (185,582) | 140,964 | 326,546 |
| Fund balance at beginning of year | 755,258 | 755,258 | 755,258 | - |
| Prior year encumbrances appropriated | 50,582 | 50,582 | 50,582 | - |
| Fund balance at end of year | <u>\$ 1,020,258</u> | <u>\$ 620,258</u> | <u>\$ 946,804</u> | <u>\$ 326,546</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

| Business-type Activities - Enterprise Funds | | | | | |
|---|----------------------|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Storm Water | Total | |
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and cash equivalents | \$ 6,869,338 | \$ 11,965,323 | \$ 391,765 | \$ 19,226,426 | |
| Receivables: | | | | | |
| Accounts | 275,506 | 401,436 | 72,226 | 749,168 | |
| Accrued interest | 1,210 | - | - | 1,210 | |
| Leases | 49,068 | - | - | 49,068 | |
| Prepayments | 32,895 | 29,668 | 6,108 | 68,671 | |
| Materials and supplies inventory | 42,968 | 20,377 | - | 63,345 | |
| Total current assets | <u>7,270,985</u> | <u>12,416,804</u> | <u>470,099</u> | <u>20,157,888</u> | |
| Noncurrent assets: | | | | | |
| Advances to other funds | 215,406 | 339,119 | - | 554,525 | |
| Leases | 649,534 | - | - | 649,534 | |
| Net OPEB asset | 19,219 | 19,219 | 4,435 | 42,873 | |
| Capital assets: | | | | | |
| Land and construction in progress | 1,086,695 | 1,933,479 | - | 3,020,174 | |
| Depreciable capital assets, net | 13,890,934 | 18,765,069 | 7,489,810 | 40,145,813 | |
| Total capital assets, net | <u>14,977,629</u> | <u>20,698,548</u> | <u>7,489,810</u> | <u>43,165,987</u> | |
| Total assets | <u>23,132,773</u> | <u>33,473,690</u> | <u>7,964,344</u> | <u>64,570,807</u> | |
| Deferred outflows of resources: | | | | | |
| OPEB | 18,391 | 14,591 | 3,806 | 36,788 | |
| Pension | 202,691 | 136,343 | 39,119 | 378,153 | |
| Total deferred outflows of resources | <u>221,082</u> | <u>150,934</u> | <u>42,925</u> | <u>414,941</u> | |
| Total assets and deferred outflows of resources | <u>23,353,855</u> | <u>33,624,624</u> | <u>8,007,269</u> | <u>64,985,748</u> | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 48,829 | 37,519 | 3,638 | 89,986 | |
| Contracts payable | 45,811 | 9,336 | - | 55,147 | |
| Accrued wages and benefits payable | 18,930 | 18,911 | 4,316 | 42,157 | |
| Compensated absences payable - current | 59,581 | 59,438 | 15,726 | 134,745 | |
| Due to other governments | 47,575 | 15,958 | 3,544 | 67,077 | |
| Accrued interest payable | 21,298 | 4,276 | - | 25,574 | |
| OWDA loans payable | 309,843 | 55,909 | - | 365,752 | |
| OPWC loans payable | 29,078 | - | - | 29,078 | |
| Total current liabilities | <u>580,945</u> | <u>201,347</u> | <u>27,224</u> | <u>809,516</u> | |
| Long-term liabilities: | | | | | |
| Compensated absences payable | 91,310 | 92,905 | 46,422 | 230,637 | |
| OWDA loans payable | 2,572,022 | 361,386 | - | 2,933,408 | |
| OPWC loans payable | 537,938 | - | - | 537,938 | |
| Net pension liability | 551,598 | 551,598 | 127,292 | 1,230,488 | |
| Total long-term liabilities | <u>3,752,868</u> | <u>1,005,889</u> | <u>173,714</u> | <u>4,932,471</u> | |
| Total liabilities | <u>4,333,813</u> | <u>1,207,236</u> | <u>200,938</u> | <u>5,741,987</u> | |
| Deferred inflows of resources: | | | | | |
| OPEB | 10,997 | 10,997 | 2,538 | 24,532 | |
| Leases | 659,202 | - | - | 659,202 | |
| Total deferred inflows of resources | <u>670,199</u> | <u>10,997</u> | <u>2,538</u> | <u>683,734</u> | |
| Total liabilities and deferred inflows of resources | <u>5,004,012</u> | <u>1,218,233</u> | <u>203,476</u> | <u>6,425,721</u> | |
| Net position: | | | | | |
| Net investment in capital assets | 11,482,937 | 20,271,917 | 7,489,810 | 39,244,664 | |
| Restricted for Net OPEB | 19,219 | 19,219 | 4,435 | 42,873 | |
| Unrestricted | 6,847,687 | 12,115,255 | 309,548 | 19,272,490 | |
| Total net position | <u>\$ 18,349,843</u> | <u>\$ 32,406,391</u> | <u>\$ 7,803,793</u> | <u>\$ 58,560,027</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| Business-type Activities - Enterprise Funds | | | | |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Water | Sewer | Storm Water | Total |
| Operating revenues: | | | | |
| Charges for services | \$ 2,727,307 | \$ 3,458,896 | \$ 419,849 | \$ 6,606,052 |
| Other operating revenues | 14,293 | 21,524 | 17,414 | 53,231 |
| Total operating revenues | <u>2,741,600</u> | <u>3,480,420</u> | <u>437,263</u> | <u>6,659,283</u> |
| Operating expenses: | | | | |
| Personal services | 784,522 | 780,691 | 163,513 | 1,728,726 |
| Contract services | 644,521 | 776,411 | 16,424 | 1,437,356 |
| Materials and supplies | 444,146 | 88,104 | 13,766 | 546,016 |
| Depreciation | 760,706 | 1,219,368 | 252,843 | 2,232,917 |
| Total operating expenses | <u>2,633,895</u> | <u>2,864,574</u> | <u>446,546</u> | <u>5,945,015</u> |
| Operating income (loss) | <u>107,705</u> | <u>615,846</u> | <u>(9,283)</u> | <u>714,268</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest and fiscal charges | (35,371) | (29,229) | - | (64,600) |
| Loss on sale of capital assets | (3,778) | (16,448) | - | (20,226) |
| Rental income | 77,628 | - | - | 77,628 |
| Interest | 2,381 | - | - | 2,381 |
| Total nonoperating revenues (expenses) | <u>40,860</u> | <u>(45,677)</u> | <u>-</u> | <u>(4,817)</u> |
| Change in net position | 148,565 | 570,169 | (9,283) | 709,451 |
| Net position at beginning of year | 18,221,267 | 31,870,254 | 7,836,199 | 57,927,720 |
| Restatement - change in accounting principle | <u>(19,989)</u> | <u>(34,032)</u> | <u>(23,123)</u> | <u>(77,144)</u> |
| Net position at beginning of year, as restated | <u>18,201,278</u> | <u>31,836,222</u> | <u>7,813,076</u> | <u>57,850,576</u> |
| Net position at end of year | <u><u>\$ 18,349,843</u></u> | <u><u>\$ 32,406,391</u></u> | <u><u>\$ 7,803,793</u></u> | <u><u>\$ 58,560,027</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| Business-type Activities - Enterprise Funds | | | | | | |
|--|----------------------------|-----------------------------|--------------------------|-----------------------------|--|--|
| | Water | Sewer | Storm Water | Total | | |
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 2,189,402 | \$ 2,541,518 | \$ 411,605 | \$ 5,142,525 | | |
| Cash received from other operations | 14,293 | 21,524 | 17,414 | 53,231 | | |
| Cash payments for personal services | (602,807) | (632,594) | (139,753) | (1,375,154) | | |
| Cash payments for contract services | (475,467) | (163,109) | (36,163) | (674,739) | | |
| Cash payments for materials and supplies | (418,756) | (102,439) | (9,743) | (530,938) | | |
| Net cash provided by operating activities | <u>706,665</u> | <u>1,664,900</u> | <u>243,360</u> | <u>2,614,925</u> | | |
| Cash flows from noncapital financing activities: | | | | | | |
| Cash received from rental income | 65,043 | - | - | 65,043 | | |
| Cash received from interfund loans | 101,001 | 158,999 | - | 260,000 | | |
| Net cash provided by noncapital financing activities | <u>166,044</u> | <u>158,999</u> | - | <u>325,043</u> | | |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | (643,790) | (1,574,198) | (423,374) | (2,641,362) | | |
| Tap-in fees | 535,604 | 886,897 | - | 1,422,501 | | |
| Principal retirement on revenue bonds | - | (335,000) | - | (335,000) | | |
| Principal retirement on OWDA loans | (261,064) | (54,742) | - | (315,806) | | |
| Principal retirement on OPWC loans | (29,078) | (6,704) | - | (35,782) | | |
| Interest and fiscal charges | (28,148) | (18,296) | - | (46,444) | | |
| Net cash (used in) capital and related financing activities | <u>(426,476)</u> | <u>(1,102,043)</u> | <u>(423,374)</u> | <u>(1,951,893)</u> | | |
| Net change in cash and cash equivalents | 446,233 | 721,856 | (180,014) | 988,075 | | |
| Cash and cash equivalents at beginning of year | 6,423,105 | 11,243,467 | 571,779 | 18,238,351 | | |
| Cash and cash equivalents at end of year | <u>\$ 6,869,338</u> | <u>\$ 11,965,323</u> | <u>\$ 391,765</u> | <u>\$ 19,226,426</u> | | |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ 107,705 | \$ 615,846 | \$ (9,283) | \$ 714,268 | | |
| Adjustments: | | | | | | |
| Rental income | 65,043 | - | - | 65,043 | | |
| Depreciation | 760,706 | 1,219,368 | 252,843 | 2,232,917 | | |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | | | | | |
| (Increase) decrease in accounts receivable | (2,301) | (30,481) | (8,244) | (41,026) | | |
| Decrease (increase) in materials and supplies inventory | (2,906) | (16,739) | - | (19,645) | | |
| Increase (decrease) in accrued wages and benefits | 3,241 | 2,330 | 674 | 6,245 | | |
| Increase (decrease) in contracts payable | (241,528) | (243,799) | - | (485,327) | | |
| Increase (decrease) in retainage payable | (122,784) | - | - | (122,784) | | |
| Increase (decrease) in accounts payable | (45,622) | (37,353) | (14,907) | (97,882) | | |
| Increase (decrease) in compensated absences payable | 60,840 | 39,982 | 16,514 | 117,336 | | |
| (Increase) decrease in deferred outflows of resources | 121,708 | 218,441 | 21,312 | 361,461 | | |
| Increase (decrease) in net pension liability | 17,077 | (72,010) | (6,338) | (61,271) | | |
| Increase (decrease) in net OPEB liability | (11,572) | (13,500) | (2,893) | (27,965) | | |
| (Increase) decrease in net OPEB asset | (19,219) | (19,219) | (4,435) | (42,873) | | |
| Increase (decrease) in deferred inflows of resources | 7,181 | 6,544 | 1,584 | 15,309 | | |
| (Decrease) increase in due to other governments | 14,167 | (1,239) | (1,360) | 11,568 | | |
| Decrease (increase) in prepayments | (5,071) | (3,271) | (2,107) | (10,449) | | |
| Net cash provided by operating activities | <u>\$ 706,665</u> | <u>\$ 1,664,900</u> | <u>\$ 243,360</u> | <u>\$ 2,614,925</u> | | |

Noncash Capital Financing Activities:

The Water Fund capitalized interest on loan proceeds of \$42,313

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2024

| | <u>Custodial</u> |
|--|-------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | \$ 8,748 |
| Cash in segregated accounts | 19,802 |
| Receivables: | |
| Income taxes | <u>11,943</u> |
| Total assets | <u>\$ 40,493</u> |
| Liabilities: | |
| Due to others | \$ 17,406 |
| Total liabilities | <u>\$ 17,406</u> |
| Net position: | |
| Restricted for individuals and other governments | <u>\$ 23,087</u> |
| Total net position | <u>\$ 23,087</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Custodial Fund |
|--|---------------------------|
| Additions: | |
| Fines, licenses and permits for other governments | \$ 46,041 |
| Income taxes collected for other governments | 87,133 |
| Other | 7,500 |
| Total additions | <u>140,674</u> |
| Deductions: | |
| Fines, licenses and permits distributed to other governments | 40,578 |
| Distribution of income taxes to other governments | 83,057 |
| Distribution of charges collected for others | 3,213 |
| Total deductions | <u>126,848</u> |
| Change in net position | 13,826 |
| Net position at beginning of year | <u>9,261</u> |
| Net position at end of year | <u>\$ 23,087</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - DESCRIPTION OF THE CITY

The City of Canal Winchester (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City operates under a Council-Mayor form of government and provides the following services: police protection (through Fairfield County), water, sewer and storm water utility services, park operations, street maintenance and repair, as well as general governmental services.

Management believes the financial statements included in this report represent all of the funds of the City over which the City officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's basic financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The City has no component units. The following organization is described due to its relationship to the City:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Canal Winchester Industry and Commerce Corporation (the "CWICC")

The CWICC is a legally separate, non-profit corporation created on August 22, 1994 pursuant to the provisions of Ohio Rev. Code Section 1724.10. The CWICC Board of Trustees shall always be two (2) Trustees selected from persons who qualify for inclusion in Category A and five (5) Trustees who qualify for inclusion in Category B.

Trustees who qualify for inclusion in Category A shall be the following elected or appointed officials of the City of Canal Winchester: Member of City Council; member of City Planning and Zoning Commission; City Solicitor; City Engineer; Planning and Zoning Administrator; and Director of Public Works. The Trustees in Category A shall be appointed by the Mayor and confirmed by City Council by resolution. Trustees shall serve overlapping two-year terms. The Mayor's initial appointments beginning in the 2021 calendar year shall have one (1) trustee appointed for a one (1) year term and one (1) trustee appointed for a two (2) year term. All terms thereafter shall be for two years.

Those persons who qualify for inclusion in Category B shall be Trustees of the Corporation who are not elected or appointed officials of the City of Canal Winchester. One (1) Trustee shall be the Superintendent of the Canal Winchester Local Schools or their designee, and one (1) Trustee shall be an employee of South-Central Power Co. or an electric utility providing services within the City of Canal Winchester. The remaining three (3) Trustees shall be elected by a majority of the Trustees to serve overlapping two-year terms. The initial election at the 2021 annual meeting shall have one (1) Trustee elected for a one (1) year term and two (2) trustees elected for two (2) year terms. All terms thereafter shall be for two (2) years.

The City Finance Director is appointed as Treasurer and serves under the direction of the Board of Trustees.

The City is not required under this agreement to provide any financial contribution to the CWICC. The City did not expend any money in 2024 to the CWICC. The CWICC can incur debt, mortgage its property acquired, otherwise issue its obligations for the purpose of acquiring, constructing, improving and equipping buildings, structures and other properties and acquiring sites. The financial activities of the CWICC are not included in the financial statements of the City.

B. Basis of Presentation - Fund Accounting

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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 statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City.

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

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

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services, and include personnel and other expenses related to the operations of the enterprise activity. All other revenues and expenses not meeting these definitions are reported as nonoperating transactions.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific revenues and expenses.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

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

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

Debt service fund - This fund accounts for and reports all transactions relating to the payment of debt.

Gender road tax increment financing fund - This fund receives payments in lieu of taxes for various improvements.

Federal capital grants fund - This fund receives grant revenues, transfers from the general fund and debt proceeds for capital improvements.

Other governmental funds of the City are used to account for (a) financial resources that are restricted to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Sewer fund - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the City.

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Storm water fund - This fund accounts for storm water operations.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The City has no trust funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two custodial funds which accounts for the City's Mayor's Court and the Violet Township – Canal Winchester Joint Economic Development District.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

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

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

For the City, available means expected to be received within sixty days of year end. Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations.

On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits (OPEB).

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, OPEB, leases, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements.

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, interest, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

F. 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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the City's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements 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. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the City by September 1.

As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the City determined that receipts collected will be greater than or less than the prior estimate and the Budget Commission finds the revised estimate to be reasonable.

On or before December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported within the budgetary statements reflect the original and final estimated resources as certified by the County Budget Commission.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The City legally adopted appropriation amendments during 2024. The budgetary statement reflects the original and final appropriations as approved by Council.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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

G. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. Interest earnings are allocated as authorized by State statute.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets.

The City invested in STAR Ohio during 2024. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants."

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes. Interest income is distributed to the funds according to charter and statutory requirements. Investment income recorded in the General Fund totaled \$1,642,340 which included \$865,982 assigned from other funds.

H. Inventories of Materials and Supplies

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000.

The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities. All reported capital assets are depreciated except for land and intangibles. Improvements are depreciated over the remaining useful lives of the related capital assets.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> | <u>Business-type Activities Estimated Lives</u> |
|----------------------------|--|---|
| Land improvements | 10-50 years | - |
| Buildings and improvements | 50 years | 25-50 years |
| Furniture and Equipment | 5-20 years | 10-20 years |
| Vehicles | 8 years | 8 years |
| Infrastructure | 20-30 years | 30-50 years |

J. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences: vacation, sick leave, and compensatory time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation leave, which is eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Compensatory Time

The City's policy permits certain employees to accumulate earned but unused compensatory time, up to various maximums, which is eligible for payment at the employee's current pay rate upon separation from employment.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Activity

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

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

On fund financial statements, receivables and payables to cover deficit cash balances are classified as "interfund receivables/payables." On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position. Advances between governmental activities and business-type activities are presented as internal balances.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority).

Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated (Finance Director) that authority by City Charter or ordinance. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The future appropriations amount assigned in the General Fund represents 2025 appropriations that exceed estimated resources.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

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

N. Estimates

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

O. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2024 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2024.

R. Fair Value

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.

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

T. Unamortized Bond Discounts/Accounting Gain or Loss

Bond discounts are amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a reduction to the face amount of the bonds.

For an advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt. On the governmental fund financial statements bond discounts and net gains or losses from refunding are recognized in the current period.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

U. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 – ACCOUNTABILITY

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", Implementation Guide No. 2023-1 and GASB Statement No. 101, "Compensated Absences".

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

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

The objective of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 3 – ACCOUNTABILITY - (Continued)

The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

B. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, *“Compensated Absences”*. The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as “restatement - change in accounting principle”.

C. Change in Major Funds

During 2024, the capital improvement fund and the state capital grants fund did not meet the requirements to be presented as major funds. This is displayed on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds as “Adjustment – changes from major to nonmajor fund”.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within a ten year form the date of settlement, bonds and other obligations of a political subdivision of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2, above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one period.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had \$150 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and investments".

B. Cash in Segregated Accounts

At year end, \$19,802 was on deposit for the City's mayor's court account which was held outside of the City's treasury, respectively. This amount is included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

C. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$7,576,968 and the bank balance of all City deposits was \$8,233,056. Of the bank balance, \$772,859 was covered by the FDIC, \$5,792,073 was covered by the OPCS and \$1,668,124 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

D. Investments

As of December 31, 2024, the City had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value Hierarchy</u> | Investment Maturities | | | | | |
|-------------------------|-----------------------------|-----------------------|-------------------------|-----------------------|------------------------|------------------------|-------------------------------|
| | | <u>Fair Value</u> | <u>6 months or less</u> | <u>7 to 12 months</u> | <u>13 to 18 months</u> | <u>19 to 24 months</u> | <u>Greater than 24 months</u> |
| FFCB | Level 2 | \$ 793,516 | \$ 500,665 | \$ 292,851 | \$ - | \$ - | \$ - |
| FHLB | Level 2 | 6,520,823 | 2,044,059 | 994,905 | 1,449,415 | - | 2,032,444 |
| FHLMC | Level 2 | 5,818,106 | 499,675 | 933,589 | - | - | 4,384,842 |
| Negotiable CD's | Level 2 | 4,429,938 | 991,735 | 972,053 | 481,076 | 1,235,991 | 749,083 |
| STAR Ohio | N/A | 13,270,756 | 13,270,756 | - | - | - | - |
| U.S. Govt. Money Market | N/A | 7,552,028 | 7,552,028 | - | - | - | - |
| Total | | \$ 38,385,167 | \$ 24,858,918 | \$ 3,193,398 | \$ 1,930,491 | \$ 1,235,991 | \$ 7,166,369 |

The weighted average maturity of investments is 0.80 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio and U.S. Government money market mutual funds carry a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody, respectively.

The negotiable CDs are not rated. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2024:

| <u>Investment type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------------|--------------------------|-------------------|
| FFCB | \$ 793,516 | 2.07 |
| FHLB | 6,520,823 | 16.99 |
| FHLMC | 5,818,106 | 15.16 |
| Negotiable CD's | 4,429,938 | 11.54 |
| STAR Ohio | 13,270,756 | 34.57 |
| U.S. Government money market | 7,552,028 | 19.67 |
| Total | <u>\$ 38,385,167</u> | <u>100.00</u> |

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2024:

| <u>Cash and investments per note</u> |
|--------------------------------------|
| Carrying amount of deposits |
| Investments |
| Cash on hand |
| Total |

| <u>Cash and investments per statement of position</u> |
|---|
| Governmental activities |
| Business-type activities |
| Custodial fund |
| Total |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at December 31, 2024, as reported on the fund statements as advances to/from other funds consist of the following:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| General | Gender road tif | \$ 160,000 |
| Water | Gender road tif | 215,406 |
| Sewer | Gender road tif | 339,119 |

The primary purpose of the advances to/from other funds is to cover costs in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received. The interfund balances are not expected to be repaid within one year.

B. Interfund transfers for the fiscal year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

| <u>Transfers from</u> | <u>Transfers to</u> | <u>Amount</u> |
|--------------------------|-----------------------------|---------------|
| General fund | Debt service fund | \$ 3,253,001 |
| Other governmental funds | Debt service fund | 398,171 |
| General fund | Federal capital grants fund | 1,417,925 |
| Debt service fund | Other governmental funds | 3,130,521 |

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between the Debt service fund, Other governmental funds fund is for the repayment of outstanding debt reporting the liability in the correct fund. All transfers made were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 6 - PROPERTY TAXES - (Continued)

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. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2024, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

Public utility property taxes are payable on the same dates as real property taxes described previously. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Canal Winchester.

The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2025 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred. The assessed values of real and public utility property upon which 2024 property tax receipts were based are as follows:

| | |
|---|------------------------------|
| Real property tax | \$ 367,439,240 |
| Public utility tangible personal property | <u>4,536,510</u> |
| Total assessed value | <u><u>\$ 371,975,750</u></u> |

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 2.0% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. The City gives a 100% credit to the tax paid to another municipality to the maximum of the total amount assessed. It also applies to the net income of business organizations located within the City. The Regional Income Tax Agency administers and collects income taxes for the City. Payments, net of collection fees, are remitted monthly for tax receipts received by the Regional Income Tax Agency in the prior month. Income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2024. Income tax revenue for 2024 was \$12,720,498 as reported in the fund financial statements. Income tax revenue is reported in the general fund.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 8 - TAX INCREMENT FINANCING DISTRICTS (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT), as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was \$1,346,366 in 2024 as reported in the fund financial statements. The TIFs have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, leases and intergovernmental receivables arising from grants, entitlements, and shared revenue.

All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2024. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

| | |
|--------------------------------|--------------|
| Income taxes | \$ 2,541,152 |
| Property and other local taxes | 926,187 |
| Payments in lieu of taxes | 1,634,828 |
| Accounts | 17,613 |
| Special assessments | 64,713 |
| Accrued interest | 170,043 |
| Due from other governments | 481,991 |

Business-type activities:

| | |
|------------------|---------|
| Accounts | 749,168 |
| Leases | 698,602 |
| Accrued interest | 1,210 |

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 9 - RECEIVABLES - (Continued)

Lease receivable: The City has entered into three separate lease agreements for the rental of City owned property. Due to the implementation of GASB Statement No. 87, the City is reporting a receivable for the future scheduled payments under the leases. The terms of these leases extend until 2043 with payments due monthly or annually.

The following is a schedule of all future lease revenue payments:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|------------------|-------------------|
| 2025 | \$ 49,068 | \$ 1,702 | \$ 50,770 |
| 2026 | 51,424 | 1,577 | 53,001 |
| 2027 | 54,887 | 1,445 | 56,332 |
| 2028 | 55,025 | 1,308 | 56,333 |
| 2029 | 55,163 | 1,170 | 56,333 |
| 2030-2034 | 199,743 | 4,084 | 203,827 |
| 2035-2039 | 176,016 | 1,932 | 177,948 |
| 2040-2043 | <u>57,276</u> | <u>151</u> | <u>57,427</u> |
| Total | <u>\$ 698,602</u> | <u>\$ 13,369</u> | <u>\$ 711,971</u> |

NOTE 10 - CAPITAL ASSETS

A. Governmental activities capital asset activity at December 31, 2024 was as follows:

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - CAPITAL ASSETS - (Continued)

| <u>Governmental activities:</u> | Balance 12/31/23 | Additions | Deductions | Balance 12/31/2024 |
|---|---------------------|------------------|--------------------|-----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 2,977,763 | \$ - | \$ - | \$ 2,977,763 |
| Construction in progress | 2,157,057 | 5,681,148 | (1,435,130) | 6,403,075 |
| Intangibles | 354,535 | 38,024 | - | 392,559 |
| Intangible right to use - Financed Purchase | 695,795 | - | - | 695,795 |
| Total capital assets, not being depreciated | 6,185,150 | 5,719,172 | (1,435,130) | 10,469,192 |
| <i>Capital assets, being depreciated:</i> | | | | |
| Land improvements | 3,874,383 | - | - | 3,874,383 |
| Buildings and improvements | 8,224,975 | 383,414 | - | 8,608,389 |
| Furniture and equipment | 2,549,549 | 112,086 | (81,162) | 2,580,473 |
| Vehicles | 1,103,163 | 36,560 | - | 1,139,723 |
| Infrastructure | 18,129,551 | 1,255,819 | - | 19,385,370 |
| Intangible right to use - Financed Purchase | 2,792,251 | - | - | 2,792,251 |
| Total capital assets, being depreciated | 36,673,872 | 1,787,879 | (81,162) | 38,380,589 |
| <i>Less: accumulated depreciation:</i> | | | | |
| Land improvements | (782,422) | (108,484) | - | (890,906) |
| Buildings and improvements | (1,605,092) | (162,027) | - | (1,767,119) |
| Furniture and equipment | (726,075) | (149,551) | 79,139 | (796,487) |
| Vehicles | (840,084) | (68,398) | - | (908,482) |
| Infrastructure | (3,892,643) | (596,923) | - | (4,489,566) |
| Intangible right to use - Financed Purchase | (187,491) | (58,157) | - | (245,648) |
| Total accumulated depreciation | (8,033,807) | (1,143,540) | 79,139 | (9,098,208) |
| Total capital assets, being depreciated net | 28,640,065 | 644,339 | (2,023) | 29,282,381 |
| Governmental activities, net | \$ 34,825,215 | \$ 6,363,511 | \$ (1,437,153) | \$ 39,751,573 |

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

| | |
|--|----------------------------|
| General government | \$ 191,588 |
| Transportation | 221,971 |
| Leisure time activity | 729,981 |
| Total depreciation expense - governmental activities | <u><u>\$ 1,143,540</u></u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity at December 31, 2024 was as follows:

| <u>Business-type activities:</u> | <u>Balance</u> | <u>12/31/2023</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> | <u>12/31/2024</u> |
|---|-----------------------------|----------------------------|------------------------------|-----------------------------|----------------|-------------------|
| <i>Capital assets, not being depreciated:</i> | | | | | | |
| Land | \$ 913,400 | \$ - | \$ - | \$ 913,400 | | |
| Intangibles | 315,323 | - | - | - | 315,323 | |
| Construction in progress | 4,199,297 | 458,937 | (2,866,783) | 1,791,451 | | |
| Total capital assets, not being depreciated | <u>5,428,020</u> | <u>458,937</u> | <u>(2,866,783)</u> | <u>3,020,174</u> | | |
| <i>Capital assets, being depreciated:</i> | | | | | | |
| Buildings and improvements | 14,495,926 | - | - | - | 14,495,926 | |
| Furniture and equipment | 3,060,842 | 145,884 | (33,094) | 3,173,632 | | |
| Vehicles | 301,870 | 423,562 | (53,304) | 672,128 | | |
| Infrastructure | 59,918,661 | 3,030,157 | - | 62,948,818 | | |
| Total capital assets, being depreciated | <u>77,777,299</u> | <u>3,599,603</u> | <u>(86,398)</u> | <u>81,290,504</u> | | |
| <i>Less: accumulated depreciation:</i> | | | | | | |
| Buildings and improvements | (5,639,812) | (262,898) | - | - | (5,902,710) | |
| Furniture and equipment | (1,150,763) | (164,894) | 16,646 | (1,299,011) | | |
| Vehicles | (218,847) | (63,373) | 49,526 | (232,694) | | |
| Infrastructure | (31,968,524) | (1,741,752) | - | (33,710,276) | | |
| Total accumulated depreciation | <u>(38,977,946)</u> | <u>(2,232,917)</u> | <u>66,172</u> | <u>(41,144,691)</u> | | |
| Total capital assets, being depreciated, net | <u>38,799,353</u> | <u>1,366,686</u> | <u>(20,226)</u> | <u>40,145,813</u> | | |
| Business-type activities capital assets, net | <u><u>\$ 44,227,373</u></u> | <u><u>\$ 1,825,623</u></u> | <u><u>\$ (2,887,009)</u></u> | <u><u>\$ 43,165,987</u></u> | | |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 11 – FINANCED PURCHASES - LESSEE DISCLOSURE

In 2022, the City entered into lease purchase agreement with a financial institution to assist in financing a new truck.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. Principal and interest payments from the permissive tax fund totaled \$29,409. Future principal and interest payments at December 31, 2024 are as follows:

| Year Ending <u>December 31,</u> | Governmental Activities |
|--|----------------------------|
| 2025 | \$ <u>14,952</u> |
| Total minimum lease payments | 14,952 |
| Less: amount representing interest | <u>(207)</u> |
| Present value of future minimum lease payments | \$ <u>14,745</u> |

NOTE 12 – NOTE PAYABLE

The City issued bond anticipation notes which were paid in full upon maturity in May 2024.

| | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance 12/31/2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2024</u> |
|---------------------------------|--------------------------|--------------------------|-------------------------------|------------------|-----------------------|-------------------------------|
| Governmental activities: | | | | | | |
| Bond anticipation note | 5/9/2024 | 4.38% | \$ 3,000,000 | \$ - | \$ (3,000,000) | \$ - |
| Total | | | <u>\$ 3,000,000</u> | <u>\$ -</u> | <u>\$ (3,000,000)</u> | <u>\$ -</u> |

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2024, the following changes occurred in the governmental activities long-term obligations:

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| Governmental activities: | Interest Rate | Maturity Date | (Restated) | | | Balance at 12/31/2024 | Amounts Due in One Year |
|--|--------------------------|--------------------------|----------------------------------|------------------|-----------------------|----------------------------------|--|
| | | | Balance at 12/31/2023 | Additions | Reductions | | |
| <u>General obligation bonds</u> | | | | | | | |
| Refunding bonds, 2017 | 3.75%-4.5% | 12/01/2028 | \$ 735,000 | \$ - | \$ (140,000) | \$ 595,000 | \$ 145,000 |
| G.O. Municipal facilities bonds, 2015 | 5.50% | 01/01/2030 | 1,645,000 | - | (235,000) | 1,410,000 | 235,000 |
| Various purp. refunding bonds, series 2013 | 2.53% | 12/01/2024 | 185,000 | - | (185,000) | - | - |
| Total general obligations bonds | | | <u>2,565,000</u> | <u>-</u> | <u>(560,000)</u> | <u>2,005,000</u> | <u>380,000</u> |
| <u>OPWC loans - Direct Borrowings</u> | | | | | | | |
| #CC03E - West Waterloo #1 | 0.00% | 1/01/2024 | 15,043 | - | (15,043) | - | - |
| #CC04F - West Waterloo #2 | 0.00% | 1/01/2025 | 76,174 | - | (50,781) | 25,393 | 25,393 |
| #CC04K - Columbus St | 0.00% | 1/01/2029 | 125,400 | - | (22,800) | 102,600 | 22,800 |
| #CC06L - Thrush Drive | 0.00% | 1/01/2034 | 103,037 | - | (9,813) | 93,224 | 9,813 |
| #CC017X - Gender Rd. Ph. V | 0.00% | 01/01/2040 | 502,753 | - | (26,460) | 476,293 | 26,164 |
| #CC11U - Gender Rd. Ph. IV | 0.00% | 01/01/2039 | 867,707 | - | (54,232) | 813,475 | 54,232 |
| Total OPWC loans | | | <u>1,690,114</u> | <u>-</u> | <u>(179,129)</u> | <u>1,510,985</u> | <u>138,402</u> |
| <u>Other long-term obligations</u> | | | | | | | |
| Notes payable - financed purchase - land | Various | Various | 480,100 | - | (101,483) | 378,617 | 104,707 |
| Notes payable - financed purchase - building | 4.00% | 1/1/2030 | 1,552,752 | - | (233,741) | 1,319,011 | 243,232 |
| Net pension liability | | | 3,162,584 | - | (150,012) | 3,012,572 | - |
| Net OPEB liability | | | 68,467 | - | (68,467) | - | - |
| Compensated absences | | | 494,074 | 78,218 | - | 572,292 | 238,774 |
| Financed purchase - lease payable | | | <u>43,132</u> | <u>-</u> | <u>(28,387)</u> | <u>14,745</u> | <u>14,745</u> |
| Total other long-term obligations | | | <u>5,801,109</u> | <u>78,218</u> | <u>(513,623)</u> | <u>5,297,237</u> | <u>601,458</u> |
| Total governmental activities | | | <u>\$ 10,056,223</u> | <u>\$ 78,218</u> | <u>\$ (1,252,752)</u> | <u>\$ 8,813,222</u> | <u>\$ 1,119,860</u> |

General Obligation Bonds:

On December 17, 2013, the City issued general obligation refunding bonds (various purpose refunding bonds, series 2013). These bonds refunded the \$1,300,000 callable portion of the Series 2004 issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 2.53% and matured on December 1, 2024.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Proceeds of \$1,354,059 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various purpose bonds. As a result, \$1,300,000 of these bonds of these bonds are considered defeased and the liability for the refunded portion of these bonds have been removed from the City's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$54,059 for governmental activities. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt.

On April 15, 2015, the City issued general obligation refunding bonds totaling \$3,500,000 for the purpose of municipal facility improvements. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 5.50% and mature on January 1, 2030.

On September 29, 2017, the City issued general obligation refunding bonds (refunding bonds, series 2017). These bonds refunded the \$1,645,000 callable portion of the Series 2008 issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 3.75%-4.5% and mature on December 1, 2028.

Proceeds of \$1,724,690 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various purpose bonds. As a result, \$1,645,000 of these bonds of these bonds are considered defeased and the liability for the refunded portion of these bonds have been removed from the City's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$79,690 for governmental activities. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt. The economic gain resulting from this transaction was \$116,826. The following is a summary of the City's future annual debt service requirements for the general obligation bonds:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| <u>Year Ended December 31,</u> | <u>General Obligation Bonds Payable</u> | | |
|------------------------------------|---|--------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 380,000 | \$ 49,394 | \$ 429,394 |
| 2026 | 385,000 | 40,180 | 425,180 |
| 2027 | 385,000 | 30,860 | 415,860 |
| 2028 | 385,000 | 21,540 | 406,540 |
| 2029 | 235,000 | 12,220 | 247,220 |
| 2030 | <u>235,000</u> | <u>6,110</u> | <u>241,110</u> |
| Total | <u>\$ 2,005,000</u> | <u>\$ 160,304</u> | <u>\$ 2,165,304</u> |

Notes Payable – Financed Purchase - Land:

During 2017 the City purchased property for purposes of future development and secured a loan agreement with the property owner. The loan agreement bears interest of 3% and is payable in quarterly installments of \$22,484 based on a ten year amortization schedule. The following is a summary of the City future annual debt service requirements to service this debt which will be paid from the General fund:

| <u>Year Ended December 31,</u> | <u>Notes Payable - Land</u> | | |
|------------------------------------|-----------------------------|-------------------------|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 104,707 | \$ 14,440 | \$ 119,147 |
| 2026 | 108,289 | 11,620 | 119,909 |
| 2027 | 44,044 | 17,007 | 61,051 |
| 2028 | 23,118 | 8,813 | 31,931 |
| 2029 | 24,296 | 4,433 | 28,729 |
| 2030-2032 | <u>74,163</u> | <u>5,618</u> | <u>79,781</u> |
| Total | <u>\$ 378,617</u> | <u>\$ 61,931</u> | <u>\$ 440,548</u> |

OPWC Loans:

Ohio Public Works Commission Loans (OPWC) have been issued for various street improvements. The loans are interest free and principal payments are made from the debt service fund. The following is a summary of the City's future annual debt service principal requirements for the OPWC loans:

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> |
|--|-------------------------|
| 2025 | \$ 138,402 |
| 2026 | 113,305 |
| 2027 | 113,305 |
| 2028 | 113,305 |
| 2029 | 101,905 |
| 2030-2034 | 447,624 |
| 2035-2039 | 403,460 |
| 2040-2041 | <u>79,679</u> |
| Total | <u>\$ 1,510,985</u> |

Notes Payable – Financed Purchase-Building Purchase:

During 2020 the City purchased a commercial building for purposes of a future municipal building and secured a note agreement with the property owner in the amount of \$2,400,000. The loan agreement bears interest of 4% and is payable in quarterly installments based on a ten year amortization schedule. In 2022, the City purchased property in the amount of \$230,000 for the purpose of redevelopment and expansion. This note agreement bears an interest rate of 5% payable in quarterly installments through October 2032. The following is a summary of the City future annual debt service requirements to service this debt which will be paid from the General fund:

| <u>Year Ended</u> <u>December 31,</u> | <u>Notes Payable - Building</u> | | |
|--|---------------------------------|-----------------------|-------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 243,232 | \$ 49,142 | \$ 292,374 |
| 2026 | 253,108 | 39,266 | 292,374 |
| 2027 | 263,385 | 28,989 | 292,374 |
| 2028 | 274,079 | 18,294 | 292,373 |
| 2029 | <u>285,207</u> | <u>7,166</u> | <u>292,373</u> |
| Total | <u>\$ 1,319,011</u> | <u>\$ 142,857</u> | <u>\$ 1,461,868</u> |

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$41,075,518 and the unvoted debt margin was \$22,463,066.

B. Business-Type Activities

During 2024, the following changes occurred in the business-type long-term obligations:

| | Interest Rate | Maturity Date | (Restated) Balance at 12/31/23 | Additions | Reductions | Balance at 12/31/24 | Due in One Year |
|--|---------------|---------------|--------------------------------------|-----------|--------------|------------------------|--------------------|
| Revenue bonds | | | | | | | |
| Sanitary sewer refunding bonds | 2.530% | 12/01/2024 | \$ 335,000 | \$ - | \$ (335,000) | \$ - | \$ - |
| Total revenue bonds | | | 335,000 | - | (335,000) | - | - |
| OPWC loans - <i>Direct Borrowings</i> | | | | | | | |
| #CC01C - Sanitary sewer rehab | 3.00% | 1/01/2024 | 6,704 | - | (6,704) | - | - |
| #CC15P - Tanktown Waterline | 0.00% | 1/1/2044 | 596,094 | - | (29,078) | 567,016 | 29,078 |
| Total OPWC loans | | | 602,798 | - | (35,782) | 567,016 | 29,078 |
| OWDA loans - <i>Direct Borrowings</i> | | | | | | | |
| #4523 - Water treatment plant construction | 2.75% | 7/01/2027 | 880,755 | - | (211,252) | 669,503 | 217,101 |
| #4672 - Well field & raw water line | 2.75% | 7/01/2027 | 207,676 | - | (49,812) | 157,864 | 51,191 |
| #5772 - Sewer system upgrades | 2.12% | 7/1/2031 | 472,037 | - | (54,742) | 417,295 | 55,909 |
| #10274 - 2023 Waterline Improve. | 2.11% | 1/1/2045 | 2,012,185 | 42,313 | - | 2,054,498 | 41,551 |
| Total OWDA loans | | | 3,572,653 | 42,313 | (315,806) | 3,299,160 | 365,752 |
| Other long-term obligations: | | | | | | | |
| Net pension liability | | | 1,291,759 | - | (61,271) | 1,230,488 | - |
| Net OPEB liability | | | 27,965 | - | (27,965) | - | - |
| Compensated absences | | | 329,607 | 35,775 | - | 365,382 | 134,745 |
| Total long-term obligations | | | 1,649,331 | 35,775 | (89,236) | 1,595,870 | 134,745 |
| Total business-type activities | | | \$ 6,159,782 | \$ 78,088 | \$ (775,824) | \$ 5,462,046 | \$ 529,575 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Revenue Bonds:

On December 17, 2013, the City issued \$3,280,000 in sanitary sewer system revenue refunding bonds. This bond issue, along with funds held in the debt service reserve fund account established by trust indenture, was used to refund a portion of the sewer mortgage revenue bonds issued on December 1, 2004. These bonds bear an interest rate of 2.53% and matured on December 1, 2024.

OPWC Loans:

OPWC loans have been issued to finance waterline construction and sanitary sewer rehabilitation. Principal and interest payments are due in semi-annual installments. The following is a summary of the City's future annual debt service principal and interest requirements for the OPWC loans:

| <u>Year Ended December 31,</u> | <u>OPWC Loans Payable</u> | | |
|------------------------------------|---------------------------|-----------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 29,078 | \$ - | \$ 29,078 |
| 2026 | 29,078 | - | 29,078 |
| 2027 | 29,078 | - | 29,078 |
| 2028 | 29,078 | - | 29,078 |
| 2029 | 29,078 | - | 29,078 |
| 2030-2034 | 145,390 | - | 145,390 |
| 2035-2039 | 145,389 | - | 145,389 |
| 2040-2044 | 130,847 | - | 130,847 |
| Total | \$ 567,016 | \$ - | \$ 567,016 |

OWDA Loans:

The City has entered into debt financing arrangements through the Ohio Water Department Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from sewer and water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2024, the City has outstanding borrowings of \$3,299,160. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2031. Annual principal and interest payments on the loans are expected to require 12.75 percent of net revenues and 5.76 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$3,847,380. Principal and interest paid for the current year were \$362,250, total net revenues were \$2,842,209 and total operating revenues were \$6,287,063.

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

| Year Ended <u>December 31,</u> | OWDA Loans Payable | | |
|-----------------------------------|---------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 365,752 | \$ 51,148 | \$ 416,900 |
| 2026 | 417,244 | 62,882 | 480,126 |
| 2027 | 427,886 | 52,240 | 480,126 |
| 2028 | 147,603 | 43,311 | 190,914 |
| 2029 | 150,740 | 40,174 | 190,914 |
| 2030-2034 | 604,553 | 156,093 | 760,646 |
| 2035-2039 | 531,976 | 100,288 | 632,264 |
| 2040-2044 | 590,840 | 41,424 | 632,264 |
| 2045 | 62,566 | 660 | 63,226 |
| Total | <u>\$ 3,299,160</u> | <u>\$ 548,220</u> | <u>\$ 3,847,380</u> |

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability and Net OPEB Liability/(Asset)

Pensions and OPEB 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.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees).

The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability/(asset). Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by 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 traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent.

For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

| | <u>State and Local</u> |
|--|----------------------------|
| 2024 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2024 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> |
| Employee | <u>10.0 %</u> |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$378,286 for 2024. Of this amount, \$48,485 is reported as due to other governments.

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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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> |
|---|--------------------|
| Traditional Plan | |
| Proportion of the net pension liability prior measurement date | 0.01507900% |
| Proportion of the net pension liability current measurement date | <u>0.01620700%</u> |
| Change in proportionate share | <u>0.00112800%</u> |
| | |
| Proportionate share of the net pension liability - Traditional Plan | \$ 4,243,060 |
| Pension expense | \$ 718,464 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

| Deferred Outflows of Resources | OPERS |
|--|---------------------------|
| Differences between expected and actual experience | \$69,349 |
| Change in assumptions | - |
| Net difference between projected and actual earnings on pension plan investments | 856,340 |
| City contributions subsequent to the measurement date | 378,286 |
| Total Deferred Outflows of Resources | <u>\$1,303,975</u> |

\$378,286 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| OPERS | |
|--------------------------|-------------------------|
| Year Ending December 31: | |
| 2025 | \$214,007 |
| 2026 | 287,198 |
| 2027 | 546,526 |
| 2028 | <u>(122,042)</u> |
| Total | <u>\$925,689</u> |

Actuarial Assumptions - OPERS

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

| | |
|--|--|
| Wage inflation | |
| Current measurement date | 2.75% |
| Prior measurement date | 2.75% |
| Future salary increases, including inflation | |
| Current measurement date | 2.75% to 10.75% including wage inflation |
| Prior measurement date | 2.75% to 10.75% including wage inflation |
| COLA or ad hoc COLA | |
| Current measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2022, then 2.05% simple |
| Prior measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2021, then 2.05% simple |
| Investment rate of return | |
| Current measurement date | 6.90% |
| Prior measurement date | 6.90% |

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 CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Geometric) |
|------------------------|------------------------|---|
| Fixed income | 24.00 % | 2.85 % |
| Domestic equities | 21.00 | 4.27 |
| Real estate | 13.00 | 4.46 |
| Private equity | 15.00 | 7.52 |
| International equities | 20.00 | 5.16 |
| Risk parity | 2.00 | 4.38 |
| Other investments | 5.00 | 3.46 |
| Total | <u><u>100.00 %</u></u> | |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.9%) |
|--|------------------------|-------------------------------------|-----------------------|
| City's proportionate share of the net pension liability | \$6,679,715 | \$4,243,060 | \$2,216,469 |

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

See Note 14 for a description of the net OPEB liability/(asset).

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.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

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

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

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

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

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

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

| Group A | Group B | Group C |
|--|---|---|
| Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit <i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 60 with 20 years of service credit or Any Age with 30 years of service credit | Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit <i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit | Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit <i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 55 with 32 years of service credit or Age 60 with 20 years of service credit |

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

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

**CITY OF CANAL WINCHESTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

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

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

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

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2024.

| <u>OPERS</u> | |
|---|-------------------|
| Proportion of the Net OPEB Asset: | |
| Current Measurement Date | 0.0163810% |
| Prior Measurement Date | <u>0.0152940%</u> |
| Change in Proportionate Share | <u>0.0010870%</u> |
| Proportionate Share of the Net OPEB Liability/(Asset) | (\$147,841) |
| OPEB Expense | (\$32,629) |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - 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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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

| | |
|--|--|
| Wage Inflation | |
| Current measurement date | 2.75% |
| Prior Measurement date | 2.75% |
| Projected Salary Increases, including inflation | |
| Current measurement date | 2.75 to 10.75% |
| Prior Measurement date | 2.75 to 10.75% |
| Single Discount Rate: | |
| Current measurement date | 5.70% |
| Prior Measurement date | 5.22% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 3.77% |
| Prior Measurement date | 4.05% |
| Health Care Cost Trend Rate | |
| Current measurement date | 5.50% initial, 3.50% ultimate in 2038 |
| Prior Measurement date | 5.50% initial, 3.50% ultimate in 2036 |
| Actuarial Cost Method | Individual Entry Age Normal |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|-------------------|--|
| Fixed Income | 37.00 % | 2.82 % |
| Domestic Equities | 25.00 | 4.27 |
| Real Estate Investment Trust | 5.00 | 4.68 |
| International Equities | 25.00 | 5.16 |
| Risk parity | 3.00 | 4.38 |
| Other investments | 5.00 | 2.43 |
| Total | 100.00 % | |

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|-------------|
| City's proportionate share of the net OPEB liability/(asset) | \$81,250 | (\$147,841) | (\$337,612) |

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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%. 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% 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) | (\$153,981) | (\$147,841) | (\$140,877) |

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| OPERS - | |
|---------------------------------------|-------------------|
| <u>Traditional</u> | |
| Deferred Outflows of Resources | |
| Net difference between | |
| projected and actual earnings | |
| on pension plan investments | \$ 88,789 |
| Changes of assumptions | 38,063 |
| Total deferred | |
| outflows of resources | <u>\$ 126,852</u> |
| Deferred Inflows of Resources | |
| Differences between | |
| expected and | |
| actual experience | \$ 21,041 |
| Change in assumptions | 63,553 |
| Total deferred | |
| inflows of resources | <u>\$ 84,594</u> |

\$0 is reported as deferred outflows of resources related to pension and will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| OPERS | |
|--------------------------|------------------|
| Year Ending December 31: | |
| 2025 | \$ (3,751) |
| 2026 | 6,871 |
| 2027 | 69,111 |
| 2028 | <u>(29,973)</u> |
| Total | <u>\$ 42,258</u> |

NOTE 16 - RISK MANAGEMENT POOLS

A. Central Ohio Health Care Consortium

On January 1, 1992, the City joined the Central Ohio Health Care Consortium (the "Pool"), a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the Pool. The Pool consists of 11 political subdivisions who pool risk for basic hospital, surgical and prescription drug coverage. Dental, vision, and life insurance coverage is provided by Delta Dental, Vision Service Plan, and Standard Insurance Company, respectively.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 16 - RISK MANAGEMENT POOLS – (Continued)

The City pays monthly contributions to the Pool, which are used to cover claims and administrative costs, and to purchase excess loss insurance for the Pool. The Pool also entered into an agreement with an independent plan supervisor to oversee the day to day operations of the Pool, such as administration and approval of submitted claims, the payment of operating expenses incurred by the Pool and the preparation of a monthly activity report which is presented to the Board. The funds held by the Pool are maintained in a bank trust account established for the sole purpose and benefit of the Pool operations. Financial information for the Pool can be obtained from Matthew Peoples, Chair, COHCC, 45 East Waterloo St, Canal Winchester, Ohio 43110. The City's payments to the Pool for insurance coverage were \$746,105 during 2024.

The City pays monthly contributions to the Pool, which are used to cover claims and administrative costs, to establish and maintain sufficient claim reserves and to purchase excess loss insurance for the Pool. The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. In the event that the losses of the Pool in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made. No such loss has occurred in the past four years. In the event that an entity should withdraw from the plan, the withdrawing member is required to either reimburse the Pool for claims paid on its behalf or the member must pay the claims directly.

B. Central Ohio Risk Management Association

On October 1, 2014, the City joined the Central Ohio Risk Management Association Inc. (CORMA), a shared risk pool which is administered by nine cities in Central Ohio. Its present members in addition to the City of Canal Winchester are the Cities of Dublin, Grove City, Upper Arlington, Westerville, Groveport, Pickerington, Powell, Grandview Heights, Gahanna, and Hilliard. CORMA was formed as an Ohio non-profit corporation for the purpose of establishing the CORMA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Each member has a representative on the Board of Trustees that approves bylaws, establish policies and contract with service providers for the best savings. Member cities agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORMA. Coverage includes comprehensive general liability, property insurance, crime insurance, employee benefits liability, law enforcement liability, public officials' liability, automotive liability, and healthcare professional liability. Financial Statements for the pool can be obtained from Mike Turner, Treasurer, CORMA, 4035 Broadway, Grove City, Ohio 43123. The City's payments to CORMA for insurance coverage were \$93,279 during 2024.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the general and gender road tif fund:

| Net Change in Fund Balance | | |
|---|---------------------|-----------------------------|
| | <u>General fund</u> | <u>Gender road tif fund</u> |
| Budget basis | \$ (1,343,679) | \$ 140,964 |
| Net adjustment for revenue accruals | (70,615) | - |
| Net adjustment for expenditure accruals | 249,847 | 5,013 |
| Net adjustment for other sources/uses | (540,000) | 300,000 |
| Adjustment for encumbrances | <u>1,306,754</u> | <u>-</u> |
| GAAP basis | <u>\$ (397,693)</u> | <u>\$ 445,977</u> |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 18 – TAX ABATEMENTS

The City of Canal Winchester provides tax abatements under the following programs which meet the criteria set forth under the requirements of GASB Statement No. 77: the Industrial/Commercial Community Reinvestment Area Program and Income Tax Abatement Program.

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Section 5709, the City has established Community Reinvestment Areas (CRA) for any industrial or commercial property project improvements made to parcel(s) following specific return-on-investment formulas and guidelines approved by City Council.

City Council's Incentive Criteria for Decision Making

The City of Canal Winchester has offered tax incentives and CRA abatements to various businesses based upon substantial project investment into the City. The City has created a return on investment formula it considers before entering into any such agreements.

This return on investment formula considers the financial impact not only to the City but also other local governments in Franklin and Fairfield County that may be impacted. Below is the information relevant to the disclosure of these programs for the year ended December 31, 2024:

| Tax Abatement Program | Total Amount of Taxes Abated (Incentive Abated) for 2024 (In Actual Dollars) | |
|--------------------------------------|---|----------------|
| | | |
| <i>Community Reinvestment Areas:</i> | | |
| Manufacturing | \$ | 25,247 |
| Mixed Use | | 3,803 |
| Retail | | 3,979 |
| Professional Services | | 6,784 |
| Hotel | | 5,802 |
| Distribution | | 76,205 |
| Telecommunications | | 634 |
| Medical Services | | 6,236 |
| Restaurants | | 22 |
| Residential | | 114 |
| Total | \$ | 128,826 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 18 – TAX ABATEMENTS – (Continued)

Cooperative Economic Development Agreement (CEDA)

On September 15, 2001 the City of Canal Winchester entered into a CEDA with Violet Township, a contiguous and overlapping subdivision in Fairfield County, to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development with uniform planning standards in accordance with Ohio Revised Code Section 701.07.

The Agreement allows for development of a designated area with the sharing of services and an annual service fee between the parties. This agreement has been in part responsible for the development of industrial/commercial development known as Canal Pointe Industrial Park and the Diley Road Commercial Corridor which currently includes 62 businesses with over 1,600 employees. The amount distributed under this agreement was \$717,241 in 2024.

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

B. Litigation

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

C. Asset Retirement Obligation

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with the waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 20 - FUND BALANCE

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

| Fund balance | General Fund | Debt Service Fund | Gender Rd. TIF Fund | Federal Capital Grants Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------|----------------------|-------------------|---------------------|-----------------------------|--------------------------|--------------------------|
| Nonspendable: | | | | | | |
| Prepayments | \$ 87,402 | \$ - | \$ - | \$ - | \$ 1,794 | \$ 89,196 |
| Long-term loans | 160,000 | - | - | - | - | 160,000 |
| Materials & supplies inventory | 16,650 | - | - | - | 109,862 | 126,512 |
| Total nonspendable | 264,052 | - | - | - | 111,656 | 375,708 |
| Restricted: | | | | | | |
| Capital projects | - | - | 218,755 | 838,758 | 2,577,534 | 3,635,047 |
| Transportation | - | - | - | - | 1,343,525 | 1,343,525 |
| Community environment | - | - | - | - | 137,298 | 137,298 |
| Leisure time activity | - | - | - | - | 480,724 | 480,724 |
| Total restricted | - | - | 218,755 | 838,758 | 4,539,081 | 5,596,594 |
| Assigned: | | | | | | |
| Debt service | - | 13,064 | - | - | - | 13,064 |
| Community environment | 17,765 | - | - | - | - | 17,765 |
| Public health | 4,973 | - | - | - | - | 4,973 |
| Transportation | 476,175 | - | - | - | - | 476,175 |
| Leisure time activity | 236,035 | - | - | - | - | 236,035 |
| Subsequent year appropriations | 4,408,492 | - | - | - | - | 4,408,492 |
| General government | 211,623 | - | - | - | - | 211,623 |
| Total assigned | 5,355,063 | 13,064 | - | - | - | 5,368,127 |
| Unassigned | 14,658,607 | - | - | - | - | 14,658,607 |
| Total fund balances | \$ 20,277,722 | \$ 13,064 | \$ 218,755 | \$ 838,758 | \$ 4,650,737 | \$ 25,999,036 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 21 - OTHER COMMITMENTS

Encumbrances

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

| <u>Fund</u> | <u>Year - End</u> |
|--------------------------|---------------------|
| | <u>Encumbrances</u> |
| General | \$ 1,306,754 |
| Federal capital grants | 2,121,300 |
| Other governmental | <u>57,042</u> |
| Total governmental funds | <u>3,485,096</u> |
| | |
| Water | 227,765 |
| Sewer | 1,221,263 |
| Storm Water | <u>45,416</u> |
| Total proprietary funds | <u>1,494,444</u> |
| | |
| Total | <u>\$ 4,979,540</u> |

Revenue Sharing Agreement

The City has entered into an agreement with the Canal Winchester Local School District (the District) to compensate the District for property tax revenues lost as a result of a tax-exempt enterprise zone established by the City. For each year the exemption is in effect, the City is obligated to pay the District an amount equal to twenty-five percent of the income taxes collected on new employee payroll reported by employers within the enterprise zone. The City's liability as of December 31, 2024 of \$162,652 is reported as due to other governments in the General fund.

Contractual Commitments

The City reported contractual commitments outstanding of \$34,000 and \$13,971 for the construction of the High Street Improvement Project and Three Seasons Shelter Project, respectively, at December 31, 2024.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS

A. Violet Township-City of Canal Winchester Joint Economic Development District

The City and Violet Township (“Township”) entered into a contract on July 20, 2023 to establish the Violet Township-City of Canal Winchester Joint Economic Development District (“JEDD”) to facilitate economic development within the JEDD and in the City, the Township, Fairfield County, and the State of Ohio. The JEDD is governed by a five-member Board of Trustees in accordance with Ohio Revised Code Section 715.78(A). The JEDD levies an income tax of 2 percent on persons employed or residing within the District and on net profits earned by businesses operating within the District. The Board is allocated 1 percent of gross revenues for administration of the JEDD. The Board has entered into an Income Tax Collection and Distribution agreement with the City to administer and collect the income tax on behalf of the JEDD. Financial information of the JEDD can be obtained from the City’s Finance Director.

The City receives intergovernmental revenue from the Violet Township-City of Canal Winchester Joint Economic Development District (“JEDD”). The JEDD has levied an income tax of 2 percent, which is equal to the rate levied by the City. The City has been contracted by the JEDD Board to administer and collect the income tax on its behalf. The City retains three percent of net revenues as its fee for administering the income tax which is paid to the Regional Income Tax Agency who administers and collects the income tax through an agreement with the City. Of the remaining net revenues, ten percent is allocated to the City, ten percent is allocated to the applicable school districts during the period of a Community Reinvestment Area exemption, and the balance is allocated to the Township. The City received net revenues of \$7,807 under this contract in 2024.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | | | |
| City's proportion of the net pension liability | 0.016207% | 0.015079% | 0.014596% | 0.014489% | 0.012899% |
| City's proportionate share of the net pension liability | \$ 4,243,060 | \$ 4,454,343 | \$ 1,269,911 | \$ 2,145,505 | \$ 2,549,576 |
| City's covered-employee payroll | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 | \$ 1,776,321 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 151.97% | 188.65% | 59.57% | 110.90% | 143.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.01% | 75.74% | 96.62% | 86.88% | 82.17% |

Amounts presented as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2019 | | 2018 | | 2017 | | 2016 | | 2015 |
|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| | 0.013120% | | 0.012993% | | 0.013344% | | 0.014281% | | 0.012385% |
| \$ | 3,594,672 | \$ | 2,038,352 | \$ | 3,030,195 | \$ | 2,473,649 | \$ | 1,493,770 |
| \$ | 1,598,936 | \$ | 1,597,715 | \$ | 2,153,825 | \$ | 1,585,225 | \$ | 1,702,142 |
| | 224.82% | | 127.58% | | 140.69% | | 156.04% | | 87.76% |
| | 74.70% | | 84.66% | | 77.25% | | 81.08% | | 86.45% |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEDULES OF SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2024 | 2023 | 2022 | 2021 |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 378,286 | \$ 390,887 | \$ 330,568 | \$ 298,439 |
| Contributions in relation to the contractually required contribution | <u>(378,286)</u> | <u>(390,887)</u> | <u>(330,568)</u> | <u>(298,439)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 2,702,043 | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% | 14.00% | 14.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 270,837 | \$ 248,685 | \$ 223,851 | \$ 207,703 | \$ 258,495 | \$ 190,227 |
| <u>(270,837)</u> | <u>(248,685)</u> | <u>(223,851)</u> | <u>(207,703)</u> | <u>(258,495)</u> | <u>(190,227)</u> |
| <u>\$ -</u> |
| \$ 1,934,550 | \$ 1,776,321 | \$ 1,598,936 | \$ 1,597,715 | \$ 2,153,825 | \$ 1,585,225 |
| 14.00% | 14.00% | 14.00% | 13.00% | 12.00% | 12.00% |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

| | 2024 | 2023 | 2022 | 2021 |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability/(asset) | 0.0163810% | 0.0152940% | 0.0148530% | 0.0149620% |
| City's proportionate share of the net OPEB liability/(asset) | \$ (147,841) | \$ 96,432 | \$ (465,220) | \$ (266,560) |
| City's covered-employee payroll | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 |
| City's proportionate share of the net OPEB liability/(asset) as a percentage of its covered-employee payroll | -5.30% | 4.08% | -21.82% | -13.78% |
| Plan fiduciary net position as a percentage of the total OPEB liability/(asset) | 107.76% | 94.79% | 128.32% | 115.57% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2020 | 2019 | 2018 | 2017 |
|--------------|--------------|--------------|--------------|
| 0.0137360% | 0.0140800% | 0.0140100% | 0.0139737% |
| \$ 1,897,299 | \$ 1,839,350 | \$ 1,521,382 | \$ 1,411,392 |
| \$ 1,776,321 | \$ 1,598,936 | \$ 1,597,715 | \$ 2,153,825 |
| 106.81% | 115.04% | 95.22% | 65.53% |
| 47.80% | 46.33% | 54.14% | 54.04% |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEMES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - - | - - | - - | - - | - - |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered-employee payroll | \$ 2,702,043 | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------|------------------|-------------------|-------------------|-------------------|
| \$ - | \$ - | \$ 17,201 | \$ 36,939 | \$ 31,704 |
| <hr/> \$ - | <hr/> \$ - | <hr/> \$ (17,201) | <hr/> \$ (36,939) | <hr/> \$ (31,704) |
| <hr/> <hr/> \$ - | <hr/> <hr/> \$ - | <hr/> <hr/> \$ - | <hr/> <hr/> \$ - | <hr/> <hr/> \$ - |
| \$ 1,776,321 | \$ 1,598,936 | \$ 1,597,715 | \$ 2,153,825 | \$ 1,585,225 |
| 0.00% | 0.00% | 1.08% | 1.72% | 2.00% |

CITY OF CANAL WINCHESTER, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.

CITY OF CANAL WINCHESTER, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

CITY OF CANAL WINCHESTER, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> <i>Program / Cluster Title</i> | Federal AL Number | Pass Through Entity Identifying Number | Total Federal Expenditures |
|---|----------------------------------|---|---------------------------------------|
| U.S. DEPARTMENT OF TRANSPORTATION: FEDERAL HIGHWAY ADMINISTRATION | | | |
| <i>Passed Through Ohio Department of Transportation</i> | | | |
| Highway Planning and Construction Cluster: | | | |
| Highway Planning and Construction | 20.205 | 118367 | \$ 1,545,635 |
| Total U.S. Department of Transportation | | | <u>1,545,635</u> |
| U.S. DEPARTMENT OF TREASURY | | | |
| <i>Passed Through Ohio Department of Budget Management</i> | | | |
| COVID-19 State and Local Fiscal Recovery Fund | 21.027 | ARPA-LFRF NEU-2021 | <u>725,730</u> |
| Total U.S. Department of [Agency Name] | | | <u>725,730</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,271,365</u> |

The accompanying notes are an integral part of this schedule.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Canal Winchester, Franklin County (the City) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent (or 15-percent, if applicable) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Canal Winchester
Franklin County
45 E. Waterloo Street
Canal Winchester, Ohio 43110-1213

To 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 Canal Winchester, Franklin County, (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 28, 2025. We noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

City of Canal Winchester
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

Wilson, Shumaker & Snow, Inc.

Newark, Ohio
July 28, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

City of Canal Winchester
Franklin County
45 E. Waterloo Street
Canal Winchester, Ohio 43110-1213

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Canal Winchester's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2024. The City's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Canal Winchester complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

City of Canal Winchester

Franklin County

Independent Auditor's Report on Compliance With Requirements
Applicable to the Major Federal Program and On Internal Control
Over Compliance Required by Uniform Guidance

Page 2

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

City of Canal Winchester

Franklin County

Independent Auditor's Report on Compliance With Requirements

Applicable to the Major Federal Program and On Internal Control

Over Compliance Required by Uniform Guidance

Page 3

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

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio

July 28, 2025

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515**

DECEMBER 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Highway Planning and Construction Cluster |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR §200.520? | No |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

REGULAR AUDIT

JANUARY 1, 2023 – DECEMBER 31, 2023



**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY, OHIO**

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**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY, OHIO**

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City of Canal Winchester
 Franklin County
 45 E. Waterloo Street
 Canal Winchester, Ohio 43110-1213

To the City Council and Management:

Report on the Audit of the Financial Statements

Opinions

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 Canal Winchester, Franklin 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canal Winchester, Franklin County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Gender Road TIF funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

City of Canal Winchester
Franklin County
Independent Auditor's Report

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*, and 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 July 28, 2025, 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.

Wilson, Shumard & Snow, Inc.

July 28, 2025
Newark, Ohio

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**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

The management's discussion and analysis of the City of Canal Winchester's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The total net position of the City increased \$9,410,759 from 2022 net position. Net position of governmental activities increased \$7,504,341 or 17% while business-type activities increased \$1,906,418 or 3% over 2022 net position, respectively.
- General revenues accounted for \$16,383,241 or 88% of total governmental activities revenue. Program specific revenues accounted for \$2,322,924 or 12% of total governmental activities revenue.
- The City had \$11,201,824 in expenses related to governmental activities; \$2,322,924 of these expenses was offset by program specific charges for services and sales, grants or contributions. The remaining expenses of the governmental activities of \$8,878,900 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$16,383,241.
- The general fund had revenues of \$15,432,581 and expenditures and other financing uses of \$13,722,847. The net increase in fund balance for the general fund was \$1,709,734 or 9%.
- The debt service fund had revenues and other financing sources of \$3,605,049 and expenditures and other financing uses of \$3,602,197. The net increase in fund balance for the debt service fund was \$2,852 from prior year.
- The gender road tax increment financing fund had revenues of \$704,024 and expenditures of \$370,501. The net increase in fund balance was \$333,523.
- The capital improvement fund had revenues and other financing sources of \$2,892,003 and expenditures of \$2,072,094. The net increase in fund balance was \$819,909.
- The state capital grants fund had other financing sources of \$15,706 and expenditures of \$1,321,070. The net decrease in fund balance was \$1,305,364.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, debt service fund, gender road tax increment financing fund, capital improvement fund, and state capital grants fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. All of the enterprise funds are considered major funds.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

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

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2023 and 2022.

| | Net Position | | | | | |
|---------------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|------------------------------|-----------------------------|
| | Governmental Activities 2023 | Business-type Activities 2023 | Governmental Activities 2022 | Business-type Activities 2022 | Total 2023 | Total 2022 |
| Assets | | | | | | |
| Current and other assets | \$ 31,899,706 | \$ 20,610,910 | \$ 29,821,852 | \$ 20,655,424 | \$ 52,510,616 | \$ 50,477,276 |
| Nondepreciable capital assets | 6,185,150 | 5,428,020 | 5,909,276 | 1,549,507 | 11,613,170 | 7,458,783 |
| Depreciable capital assets, net | 28,640,065 | 38,799,353 | 26,498,310 | 39,323,365 | 67,439,418 | 65,821,675 |
| Capital assets, net | <u>34,825,215</u> | <u>44,227,373</u> | <u>32,407,586</u> | <u>40,872,872</u> | <u>79,052,588</u> | <u>73,280,458</u> |
| Total assets | <u>66,724,921</u> | <u>64,838,283</u> | <u>62,229,438</u> | <u>61,528,296</u> | <u>131,563,204</u> | <u>123,757,734</u> |
| Deferred outflows of resources | <u>1,416,757</u> | <u>776,402</u> | <u>417,372</u> | <u>214,262</u> | <u>2,193,159</u> | <u>631,634</u> |
| Liabilities | | | | | | |
| Current and other liabilities | 5,142,691 | 962,336 | 4,385,029 | 407,154 | 6,105,027 | 4,792,183 |
| Long-term liabilities: | | | | | | |
| Due within one year | 1,256,713 | 768,149 | 4,249,033 | 770,573 | 2,024,862 | 5,019,606 |
| Net pension liability | 3,162,584 | 1,291,759 | 838,141 | 431,770 | 4,454,343 | 1,269,911 |
| Net OPEB liability | 68,467 | 27,965 | - | - | 96,432 | - |
| Due in more than one year | <u>5,350,855</u> | <u>3,913,204</u> | <u>6,446,675</u> | <u>2,605,342</u> | <u>9,264,059</u> | <u>9,052,017</u> |
| Total liabilities | <u>14,981,310</u> | <u>6,963,413</u> | <u>15,918,878</u> | <u>4,214,839</u> | <u>21,944,723</u> | <u>20,133,717</u> |
| Deferred inflows of resources | <u>2,234,909</u> | <u>723,552</u> | <u>3,306,814</u> | <u>1,506,417</u> | <u>2,958,461</u> | <u>4,813,231</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 24,937,343 | 39,066,035 | 19,157,655 | 37,614,944 | 64,003,378 | 56,772,599 |
| Restricted: | | | | | | |
| Capital projects | 2,130,875 | - | 3,574,941 | - | 2,130,875 | 3,574,941 |
| Transportation projects | 1,616,779 | - | 1,441,461 | - | 1,616,779 | 1,441,461 |
| Leisure time activity | 433,849 | - | 298,648 | - | 433,849 | 298,648 |
| Community environment | 33,094 | - | 15,283 | - | 33,094 | 15,283 |
| Unrestricted | <u>21,773,519</u> | <u>18,861,685</u> | <u>18,933,130</u> | <u>18,406,358</u> | <u>40,635,204</u> | <u>37,339,488</u> |
| Total net position | <u><u>\$ 50,925,459</u></u> | <u><u>\$ 57,927,720</u></u> | <u><u>\$ 43,421,118</u></u> | <u><u>\$ 56,021,302</u></u> | <u><u>\$ 108,853,179</u></u> | <u><u>\$ 99,442,420</u></u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The net pension liability (NPL) reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," are the larger liabilities reported by the City at December 31, 2023 and is 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 the net pension liability and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 takes 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 pension 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 pension system. In Ohio, there is no legal means to enforce

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

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. 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 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. Over time, net position can serve as a useful indicator of a government's financial position. At year-end, net position was \$108,853,179 which comprised \$50,925,459 and \$57,927,720 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 51% and 67% of total assets and deferred outflows of resources for the governmental activities and business-type activities, respectively. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, intangibles, construction in progress and infrastructure. The City's net investment in capital assets at December 31, 2023, were \$24,937,343 and \$39,066,035 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the City's net position, \$4,214,597 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$21,773,519 may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

As the preceding table illustrates, the most significant changes in net position were related to the City's net pension liability and net OPEB liability/asset, and the related deferred inflows/outflows of resources. These amounts will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the City's proportionate share of the net pension and net OPEB cost. As a result 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/asset to the reported net position and subtracting deferred outflows related to pension and OPEB as follows:

| | Governmental Activities | Business-Type Activities | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 2023 | 2023 | 2022 | 2022 |
| Net position (with GASB 68 and GASB 75) | \$ 50,925,459 | \$ 57,927,720 | \$ 43,421,118 | \$ 56,021,302 |
| GASB 68 calculations: | | | | |
| Add deferred inflows related to pension | - | - | 963,531 | 574,834 |
| Add net pension liability | 3,162,584 | 1,291,759 | 838,141 | 431,770 |
| Less deferred outflows related to pension | (1,167,938) | (687,589) | (365,711) | (188,396) |
| GASB 75 calculations: | | | | |
| Add deferred inflows related to OPEB | 22,581 | 9,223 | 317,549 | 163,116 |
| Add net OPEB liability | 68,467 | 27,965 | - | - |
| Less net OPEB asset | - | - | (307,045) | 158,175 |
| Less deferred outflows related to OPEB | (209,262) | (76,442) | - | - |
| Net position (without GASB 68 and GASB 75) | <u>\$ 52,801,891</u> | <u>\$ 58,492,636</u> | <u>\$ 44,867,583</u> | <u>\$ 57,160,801</u> |

The table on the following page provides a summary of the revenues and expenses and other changes in the City's net position for 2023 compared to 2022.

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

| | Change in Net Position | | | | | |
|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|----------------|---------------|
| | Governmental Activities 2023 | Business-type Activities 2023 | Governmental Activities 2022 | Business-type Activities 2022 | Total 2023 | Total 2022 |
| | | | | | | |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 985,949 | \$ 4,854,585 | \$ 1,771,993 | \$ 4,596,338 | \$ 5,840,534 | \$ 6,368,331 |
| Operating grants and contributions | 1,010,089 | - | 788,772 | - | 1,010,089 | 788,772 |
| Capital grants and contributions | 326,886 | 2,806,186 | 950,828 | 2,195,905 | 3,133,072 | 3,146,733 |
| Total program revenues | 2,322,924 | 7,660,771 | 3,511,593 | 6,792,243 | 9,983,695 | 10,303,836 |
| General revenues: | | | | | | |
| Property and other local taxes | 874,578 | - | 826,497 | - | 874,578 | 826,497 |
| Income taxes | 12,165,892 | - | 11,482,869 | - | 12,165,892 | 11,482,869 |
| Lodging taxes | 274,426 | - | 269,175 | - | 274,426 | 269,175 |
| Payment in lieu of taxes | 1,127,538 | - | 978,828 | - | 1,127,538 | 978,828 |
| Grants and entitlements | 256,271 | - | 268,080 | - | 256,271 | 268,080 |
| Investment earnings | 1,431,459 | 621 | (264,071) | 2,149 | 1,432,080 | (261,922) |
| Contributions and donations | 17,125 | - | 4,300 | - | 17,125 | 4,300 |
| Other | 235,952 | 694 | 197,018 | 288 | 236,646 | 197,306 |
| Total general revenues | 16,383,241 | 1,315 | 13,762,696 | 2,437 | 16,384,556 | 13,765,133 |
| Total revenues | 18,706,165 | 7,662,086 | 17,274,289 | 6,794,680 | 26,368,251 | 24,068,969 |
| Program Expenses: | | | | | | |
| General government | 4,124,685 | - | 3,893,221 | - | 4,124,685 | 3,893,221 |
| Security of persons and property | 1,631,474 | - | 1,669,774 | - | 1,631,474 | 1,669,774 |
| Public health and welfare | 161,193 | - | 164,223 | - | 161,193 | 164,223 |
| Transportation | 2,031,243 | - | 2,486,952 | - | 2,031,243 | 2,486,952 |
| Community environment | 1,188,355 | - | 868,450 | - | 1,188,355 | 868,450 |
| Leisure time activity | 1,740,900 | - | 1,461,860 | - | 1,740,900 | 1,461,860 |
| Interest and fiscal charges | 323,974 | - | 300,772 | - | 323,974 | 300,772 |
| Sewer operating | - | 2,710,087 | - | 2,530,664 | 2,710,087 | 2,530,664 |
| Water operating | - | 2,417,210 | - | 2,110,447 | 2,417,210 | 2,110,447 |
| Storm water operating | - | 628,371 | - | 350,231 | 628,371 | 350,231 |
| Total expenses | 11,201,824 | 5,755,668 | 10,845,252 | 4,991,342 | 16,957,492 | 15,836,594 |
| Increase in net position | 7,504,341 | 1,906,418 | 6,429,037 | 1,803,338 | 9,410,759 | 8,232,375 |
| Net position beginning of year | 43,421,118 | 56,021,302 | 36,992,081 | 54,217,964 | 99,442,420 | 91,210,045 |
| Net position end of year | \$ 50,925,459 | \$ 57,927,720 | \$ 43,421,118 | \$ 56,021,302 | \$ 108,853,179 | \$ 99,442,420 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$7,504,341 which is a result of higher general revenues, specifically income taxes and investment income.

Security of persons and property, which primarily supports the operations of the Fairfield County Sheriff's department, was \$1,631,474 or 15% of total City expenses. General government expenses totaled \$4,124,685 and were partially funded by \$671,482 in direct charges to users of the services and \$260,518 in operating grants and contributions.

The State government contributed to the City a total of \$749,571 in operating grants and contributions for transportation purposes while \$326,886 in capital grants and contributions is specific to developer capital contributions.

General revenues totaled \$16,383,241 and primarily consist of property and income tax revenue of \$13,040,470.

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses

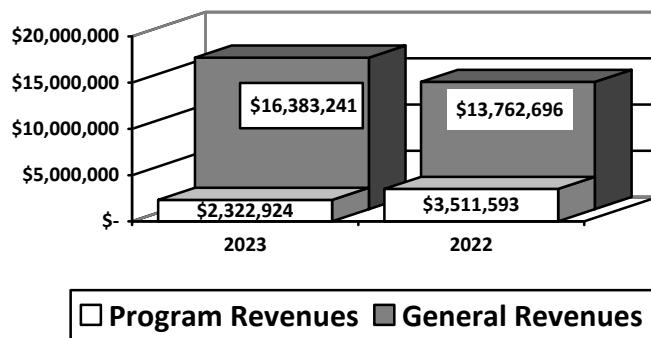
| | 2023 | | 2022 | |
|--------------------------------|------------------------|----------------------|------------------------|----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Program Expenses: | | | | |
| General government | \$ 4,124,685 | \$ 3,192,685 | \$ 3,893,221 | \$ 2,404,206 |
| Security of persons & property | 1,631,474 | 1,631,474 | 1,669,774 | 1,669,774 |
| Public health and welfare | 161,193 | 159,603 | 164,223 | 161,543 |
| Transportation | 2,031,243 | 910,767 | 2,486,952 | 1,716,340 |
| Community environment | 1,188,355 | 1,188,355 | 868,450 | 868,450 |
| Leisure time activity | 1,740,900 | 1,472,042 | 1,461,860 | 212,574 |
| Interest and fiscal charges | 323,974 | 323,974 | 300,772 | 300,772 |
| Total | \$ 11,201,824 | \$ 8,878,900 | \$ 10,845,252 | \$ 7,333,659 |

The chart below illustrates the City's program revenues versus general revenues for 2023 and 2022.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Governmental Activities – General and Program Revenues

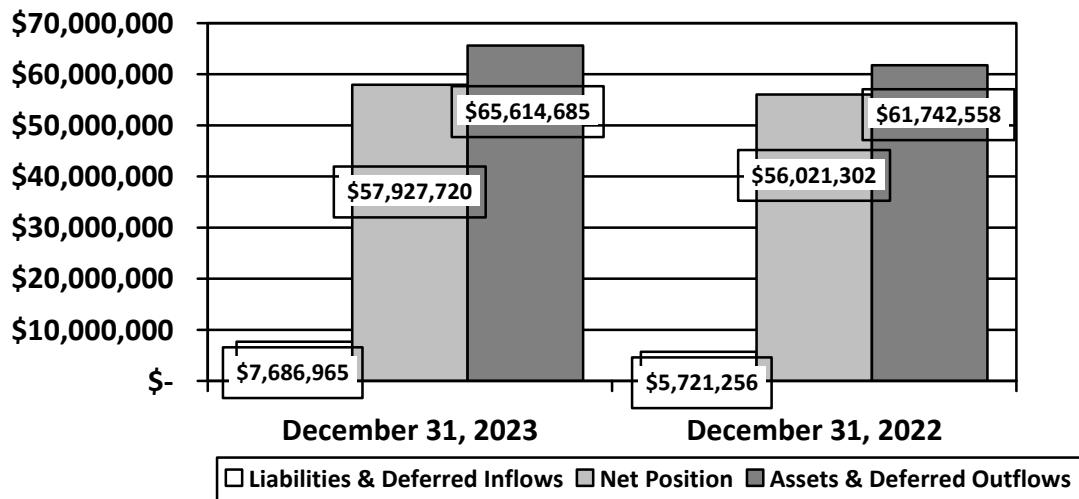


Program Revenues General Revenues

Business-type Activities

Business-type activities include the water, sewer, and storm water enterprise funds. These programs had program revenues of \$7,660,771 and expenses of \$5,755,668 for 2023. The graph below shows the business-type activities assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position at year-end.

Net Position in Business - Type Activities



Liabilities & Deferred Inflows Net Position Assets & Deferred Outflows

Financial Analysis of the Government's Funds

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$22,256,505 which is \$1,096,272 higher than last year's total of \$21,160,233. The schedule below indicates the fund balances and the total change in fund balances for all major and non-major governmental funds.

| | <u>Fund Balances</u> <u>12/31/2023</u> | <u>Fund Balances</u> <u>12/31/2022</u> | <u>Increase</u> <u>(Decrease)</u> |
|-----------------------------------|---|---|--------------------------------------|
| Major funds: | | | |
| General fund | \$ 20,675,415 | \$ 18,965,681 | \$ 1,709,734 |
| Debt service fund | 16,608 | 13,756 | 2,852 |
| Gender road tif fund | (227,222) | (560,745) | 333,523 |
| Capital improvement fund | (1,746,232) | (2,566,141) | 819,909 |
| State capital grants fund | (678,517) | 626,847 | (1,305,364) |
| Other nonmajor governmental funds | 4,216,453 | 4,680,835 | (464,382) |
| Total | <u>\$ 22,256,505</u> | <u>\$ 21,160,233</u> | <u>\$ 1,096,272</u> |

General Fund

The City's general fund balance increased \$1,709,734. As the table on the following page illustrates, Income taxes revenue is by far the general fund's largest revenue source, representing 76% of total general fund revenues in 2023. Collections increased from 2022 based on higher interest rates as investment income increased \$1,607,995 while the decrease in fines, licenses and permits of \$728,625 was primarily driven by lower building permits and inspection fees.

The table that follows assists in illustrating the revenues of the general fund which increased 10.35% from the prior year.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

| | 2023 Amount | 2022 Amount | Percentage Change |
|-----------------------------|-----------------------------|-----------------------------|----------------------|
| Revenues | | | |
| Taxes | \$ 12,721,698 | \$ 12,089,387 | 5.23 % |
| Intergovernmental | 289,733 | 250,229 | 15.79 % |
| Special assessments | 123,637 | 130,155 | (5.01) % |
| Charges for services | 157,728 | 181,748 | (13.22) % |
| Fines, licenses and permits | 673,550 | 1,402,175 | (51.96) % |
| Rental income | 34,130 | 36,710 | (7.03) % |
| Investment income | 1,311,245 | (296,750) | 441.87 % |
| Other | 120,860 | 190,921 | (36.70) % |
| Total | <u>\$ 15,432,581</u> | <u>\$ 13,984,575</u> | 10.35 % |

The following table provides the change in general fund expenditures.

| | 2023 Amount | 2022 Amount | Percentage Change |
|----------------------------------|-----------------------------|----------------------------|----------------------|
| Expenditures | | | |
| General government | \$ 3,915,943 | \$ 3,220,247 | 21.60 % |
| Security of persons and property | 1,631,474 | 1,600,369 | 1.94 % |
| Public health and welfare | 161,193 | 157,387 | 2.42 % |
| Transportation | 1,574,802 | 1,581,776 | (0.44) % |
| Community environment | 1,102,827 | 963,372 | 14.48 % |
| Leisure time activity | 870,073 | 605,500 | 43.69 % |
| Capital outlay | 436,536 | 768,220 | (43.18) % |
| Debt service | 428,476 | 394,491 | 8.61 % |
| Total | <u>\$ 10,121,324</u> | <u>\$ 9,291,362</u> | 8.93 % |

Expenditures increased 8.93% primarily driven by increases in general government and leisure time activity expenses. Bond anticipation notes issued in prior years were for expansion and improvements to the City's parks and amenities.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then appropriations can be adjusted accordingly. Budgetary information is presented for the general fund noting actual revenues and other financing sources came in \$3,812,609 higher than the final budget and actual expenditures and other financing uses were \$1,385,639 less than the final budget.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Debt Service Fund

The debt service fund had revenues and other financing sources of \$3,605,049 and expenditures and other financing uses of \$3,602,197. The net increase in fund balance for the debt service fund was \$2,852 from prior year.

Gender Road TIF Fund

The gender road tax increment financing fund had revenues of \$704,024 and expenditures of \$370,501. The net increase in fund balance was \$333,523.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$2,892,003 and expenditures of \$2,072,094. The net increase in fund balance was \$819,909.

State Capital Grants Fund

The state capital grants fund had other financing sources of \$15,706 and expenditures of \$1,321,070. The net decrease in fund balance was \$1,305,364.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the City had \$79,052,588 (net of accumulated depreciation) invested in land, construction in progress, intangibles, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Of this total, \$34,825,215 was reported in governmental activities and \$44,227,373 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2023 balances compared to 2022.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Capital Assets at December 31
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 3,673,558 | \$ 3,437,958 | \$ 913,400 | \$ 913,400 | \$ 4,586,958 | \$ 4,351,358 |
| Construction in progress | 2,157,057 | 2,116,783 | 4,199,297 | 357,606 | 6,356,354 | 2,474,389 |
| Intangibles | 354,535 | 354,535 | 315,323 | 278,501 | 669,858 | 633,036 |
| Land improvements | 3,091,961 | 3,189,668 | - | - | 3,091,961 | 3,189,668 |
| Building & improve. | 9,159,892 | 6,760,170 | 8,856,114 | 9,121,649 | 18,016,006 | 15,881,819 |
| Equipment | 1,823,474 | 1,753,804 | 1,910,079 | 1,554,306 | 3,733,553 | 3,308,110 |
| Vehicles | 327,830 | 325,398 | 83,023 | 64,048 | 410,853 | 389,446 |
| Infrastructure | 14,236,908 | 14,469,270 | 27,950,137 | 28,583,362 | 42,187,045 | 43,052,632 |
| Totals | \$ 34,825,215 | \$ 32,407,586 | \$ 44,227,373 | \$ 40,872,872 | \$ 79,052,588 | \$ 73,280,458 |

Debt Administration

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

| | Governmental Activities | |
|-----------------------------------|-------------------------|----------------------|
| | 2023 | 2022 |
| General obligation bonds | \$ 2,565,000 | \$ 3,120,000 |
| OPWC loans | 1,690,114 | 1,903,078 |
| Bond anticipation notes | 3,000,000 | 5,750,000 |
| Financed purchase - lease | 43,132 | 70,480 |
| Notes payable - financed purchase | 2,032,852 | 2,373,045 |
| Total debt obligations | \$ 9,331,098 | \$ 13,216,603 |
| Business-type Activities | | |
| | 2023 | 2022 |
| Revenue bonds | \$ 335,000 | \$ 665,000 |
| OPWC loans | 602,798 | 645,453 |
| OWDA loans | 3,572,653 | 1,868,098 |
| Total debt obligations | \$ 4,510,451 | \$ 3,178,551 |

See Notes 11, 12 and 13 to the basic financial statements for detail on the City's debt obligations.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Economic Factors and Next Year's Budget and Rates

The City of Canal Winchester's financial condition has continued to improve over the past five years despite the challenges of State government changes and a global pandemic. City leaders continue to closely monitor revenue and expenditures, particularly its largest source of revenue, income tax collections. Income tax revenue was \$12.1 million in 2023 – a 7% increase over 2022 and a 30% increase over 2021. This significant growth has given the City the opportunity to renovate an existing building as its new City Hall, construct the first phase of a multi-phase plan for McGill Park, a new 89-acre city park, upgrade equipment, and continue to provide a high level of service to its residents.

The Ohio Legislature passed legislation regarding the uniformity of municipal income taxes throughout the State in 2014, which became effective January 1, 2016. Additional legislation was passed in 2017 that created a centralized collection method for municipal net profit taxpayers effective for tax years beginning on or after January 1, 2018. This move is seen by many as the first step towards centralized collection across the state and a detriment to the future of the city's control over its income taxes. Many municipalities disagreed with these decisions and filed suit against the State Tax Commissioner in 2018. In November 2020, the Ohio Supreme Court reversed a decision of the Franklin County Court of Appeals upholding a portion of House Bill 49 allowing the State to retain 0.5% of municipal net-profit taxes collected under this provision. The reversal of this decision resulted in municipalities receiving a refund from the State of these fees dating back to 2018. The dollar amount of this refund for the City was negligible.

Overall, the City has not experienced the downturn in income tax collections that was originally anticipated at the time of the initial legislation's passage. However, additional legislation has been introduced at the State level in regards to local income taxes, as well as other municipal revenue sources and powers, that is of concern to the City. City administration continues to monitor the activity of the Ohio General Assembly and will address any necessary budgetary changes as identified.

The COVID-19 pandemic has also changed the way business is being conducted in the State of Ohio. Employers across the State are allowing their employees to work remotely, rather than reporting to a physical location each day. The 133rd General Assembly passed Amended Substitute House Bill 197 in March 2020 which enacted a temporary rule allowing employers to continue withholding municipal income taxes based on an employee's principal place of work, rather than their municipality of residence. This rule expired on December 31, 2021. Additionally, House Bill 110 was enacted in 2021 which allows employees who worked remotely in 2021 to claim refunds of taxes paid to principal places of work rather than place of residency. An analysis on potential effects on the City's income tax revenue has not been conducted at this time but is not anticipated to be significant.

In addition, the following items were taken into consideration during preparation of the 2024 budget:

- Residential, commercial, and industrial development has increased over the last several years. Future growth is expected in the near short-term.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

- The cost of repair and replacement of City infrastructure continues to increase.
- An equipment replacement schedule is in place to allow for proper planning of high dollar purchases.
- The availability of undeveloped commercial and industrial property has decreased in the last several years. The City is aware of the impact this can have on income tax collections and is working to identify property for future development.
- Long term planning initiatives that were undertaken in the last three to five years are now being programmed for completion in 2024 and 2025. These projects include Phase II of McGill Park, waterline improvement projects, and a sanitary sewer plant project, which will be the largest single capital project undertaken by the City in its history.
- A growing population, as well as an aging workforce, will require the addition and replacement of staffing over the next several years.
- Unemployment rates in Ohio reached a high of 16.4% in April 2020, a direct result of the effects of COVID-19. Rates have steadily decreased since that time and have returned to pre-pandemic levels ending 2022 at 3.7%. Ohio's unemployment rate in February 2024 was 3.8%, just below the national average of 3.9%.

The City has seen tremendous growth in its fund balances over the last five years. These increases, while very beneficial to the City's future plans, have not affected budgeting practices. The City continues to practice conservative budgeting in order to preserve its solid financial position into the future.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Amanda Jackson, Finance Director, City of Canal Winchester, 45 E. Waterloo Street, Canal Winchester, Ohio 43110-1213.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 26,902,253 | \$ 18,238,351 | \$ 45,140,604 |
| Cash in segregated accounts | 10,865 | - | 10,865 |
| Receivables: | | | |
| Income taxes | 2,555,596 | - | 2,555,596 |
| Real and other taxes | 862,500 | - | 862,500 |
| Accounts | 115,754 | 708,142 | 823,896 |
| Payments in lieu of taxes | 1,381,360 | - | 1,381,360 |
| Accrued interest | 160,656 | 621 | 161,277 |
| Special assessments | 62,624 | - | 62,624 |
| Due from other governments | 478,245 | - | 478,245 |
| Leases | - | 747,349 | 747,349 |
| Internal balances | (814,525) | 814,525 | - |
| Prepayments | 76,177 | 58,222 | 134,399 |
| Materials and supplies inventory | 108,201 | 43,700 | 151,901 |
| Capital assets: | | | |
| Nondepreciable capital assets | 6,185,150 | 5,428,020 | 11,613,170 |
| Depreciable capital assets, net | 28,640,065 | 38,799,353 | 67,439,418 |
| Total capital assets, net | <u>34,825,215</u> | <u>44,227,373</u> | <u>79,052,588</u> |
| Total assets | <u>66,724,921</u> | <u>64,838,283</u> | <u>131,563,204</u> |
| Deferred outflows of resources: | | | |
| Unamortized deferred charges on debt refunding | 39,557 | 12,371 | 51,928 |
| OPEB | 209,262 | 76,442 | 285,704 |
| Pension | 1,167,938 | 687,589 | 1,855,527 |
| Total deferred outflows of resources | <u>1,416,757</u> | <u>776,402</u> | <u>2,193,159</u> |
| Total assets and deferred outflows of resources | <u>68,141,678</u> | <u>65,614,685</u> | <u>133,756,363</u> |
| Liabilities: | | | |
| Accounts payable | 189,787 | 187,868 | 377,655 |
| Contracts payable | 505,793 | 540,474 | 1,046,267 |
| Retainage payable | 90,538 | 122,784 | 213,322 |
| Accrued wages and benefits payable | 85,802 | 35,912 | 121,714 |
| Due to other governments | 635,615 | 55,509 | 691,124 |
| Deposits held and due others | 10,865 | - | 10,865 |
| Accrued interest payable | 59,577 | 19,789 | 79,366 |
| Unearned revenue | 564,714 | - | 564,714 |
| Notes payable | 3,000,000 | - | 3,000,000 |
| Long-term liabilities: | | | |
| Due within one year | 1,256,713 | 768,149 | 2,024,862 |
| Due in more than one year: | | | |
| Net OPEB liability | 68,467 | 27,965 | 96,432 |
| Net pension liability | 3,162,584 | 1,291,759 | 4,454,343 |
| Other amount due in more than one year | 5,350,855 | 3,913,204 | 9,264,059 |
| Total liabilities | <u>14,981,310</u> | <u>6,963,413</u> | <u>21,944,723</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 830,968 | - | 830,968 |
| Payment in lieu of tax revenue not available | 1,381,360 | - | 1,381,360 |
| OPEB | 22,581 | 9,223 | 31,804 |
| Leases | - | 714,329 | 714,329 |
| Total deferred inflows of resources | <u>2,234,909</u> | <u>723,552</u> | <u>2,958,461</u> |
| Total liabilities and deferred inflows of resources | <u>17,216,219</u> | <u>7,686,965</u> | <u>24,903,184</u> |
| Net position: | | | |
| Net investment in capital assets | 24,937,343 | 39,066,035 | 64,003,378 |
| Restricted for: | | | |
| Capital projects | 2,130,875 | - | 2,130,875 |
| Transportation | 1,616,779 | - | 1,616,779 |
| Leisure time activity | 433,849 | - | 433,849 |
| Community environment | 33,094 | - | 33,094 |
| Unrestricted | 21,773,519 | 18,861,685 | 40,635,204 |
| Total net position | <u>\$ 50,925,459</u> | <u>\$ 57,927,720</u> | <u>\$ 108,853,179</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Program Revenues | | | | |
|----------------------------------|-----------------------------|---|---|---|----------|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,124,685 | \$ 671,482 | \$ 260,518 | \$ - | - - |
| Security of persons and property | 1,631,474 | - | - | - | - - |
| Public health and welfare | 161,193 | 1,590 | - | - | - - |
| Transportation | 2,031,243 | 44,019 | 749,571 | 326,886 | |
| Community environment | 1,188,355 | - | - | - | - - |
| Leisure time activity | 1,740,900 | 268,858 | - | - | - - |
| Interest and fiscal charges | 323,974 | - | - | - | - - |
| Total governmental activities | <u>11,201,824</u> | <u>985,949</u> | <u>1,010,089</u> | <u>326,886</u> | |
| Business-type activities: | | | | | |
| Water | 2,417,210 | 2,034,590 | - | 1,111,673 | |
| Sewer | 2,710,087 | 2,417,552 | - | 1,368,255 | |
| Storm water | 628,371 | 402,443 | - | 326,258 | |
| Total business-type activities | <u>5,755,668</u> | <u>4,854,585</u> | <u>-</u> | <u>2,806,186</u> | |
| Total primary government | <u><u>\$ 16,957,492</u></u> | <u><u>\$ 5,840,534</u></u> | <u><u>\$ 1,010,089</u></u> | <u><u>\$ 3,133,072</u></u> | |

General revenues:

Property taxes levied for:

General purposes

Income taxes levied for:

General purposes

Lodging taxes levied for:

Special revenue

Payments in lieu of taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

Contributions and donations

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| | Governmental Activities | Business-type Activities | Total |
|----|------------------------------------|-------------------------------------|-----------------------|
| \$ | (3,192,685) | \$ - | \$ (3,192,685) |
| | (1,631,474) | - | (1,631,474) |
| | (159,603) | - | (159,603) |
| | (910,767) | - | (910,767) |
| | (1,188,355) | - | (1,188,355) |
| | (1,472,042) | - | (1,472,042) |
| | (323,974) | - | (323,974) |
| | <u>(8,878,900)</u> | <u>-</u> | <u>(8,878,900)</u> |
| | | | |
| | - | 729,053 | 729,053 |
| | - | 1,075,720 | 1,075,720 |
| | - | 100,330 | 100,330 |
| | - | <u>1,905,103</u> | <u>1,905,103</u> |
| | | | |
| | <u>(8,878,900)</u> | <u>1,905,103</u> | <u>(6,973,797)</u> |
| | | | |
| | 874,578 | - | 874,578 |
| | 12,165,892 | - | 12,165,892 |
| | 274,426 | - | 274,426 |
| | 1,127,538 | - | 1,127,538 |
| | 256,271 | - | 256,271 |
| | 1,431,459 | 621 | 1,432,080 |
| | 17,125 | - | 17,125 |
| | 235,952 | 694 | 236,646 |
| | <u>16,383,241</u> | <u>1,315</u> | <u>16,384,556</u> |
| | | | |
| | 7,504,341 | 1,906,418 | 9,410,759 |
| | <u>43,421,118</u> | <u>56,021,302</u> | <u>99,442,420</u> |
| | | | |
| \$ | <u>50,925,459</u> | <u>\$ 57,927,720</u> | <u>\$ 108,853,179</u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| | General | Debt Service | Gender Road TIF | Capital Improvement |
|--|----------------------|---------------------|------------------------|----------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 20,199,244 | \$ 16,608 | \$ 805,840 | \$ 35,311 |
| Cash in segregated accounts | 10,865 | - | - | - |
| Receivables: | | | | |
| Income taxes | 2,555,596 | - | - | - |
| Real and other taxes | 854,061 | - | - | - |
| Accounts | 115,218 | - | - | - |
| Payments in lieu of taxes | - | - | 1,019,866 | - |
| Accrued interest | 160,656 | - | - | - |
| Special assessments | 62,624 | - | - | - |
| Due from other governments | 133,010 | - | - | - |
| Advances to other funds | 700,000 | - | - | - |
| Prepayments | 75,021 | - | - | - |
| Materials and supplies inventory | 14,170 | - | - | - |
| Total assets | <u>\$ 24,880,465</u> | <u>\$ 16,608</u> | <u>\$ 1,825,706</u> | <u>\$ 35,311</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 181,442 | \$ - | \$ - | \$ - |
| Contracts payable | 368,429 | - | 2,683 | - |
| Retainage payable | 64,203 | - | - | - |
| Accrued wages and benefits payable | 74,668 | - | - | - |
| Advances from other funds | - | - | 1,014,525 | - |
| Due to other governments | 609,439 | - | 15,854 | - |
| Notes payable | - | - | - | 1,750,000 |
| Accrued interest payable | - | - | - | 31,543 |
| Deposits held and due others | 10,865 | - | - | - |
| Unearned revenue | - | - | - | - |
| Total liabilities | <u>1,309,046</u> | <u>-</u> | <u>1,033,062</u> | <u>1,781,543</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 830,968 | - | - | - |
| Delinquent property tax revenue not available | 14,654 | - | - | - |
| Accrued interest not available | 54,210 | - | - | - |
| Special assessments revenue not available | 62,624 | - | - | - |
| Payment in lieu of tax revenue not available | - | - | 1,019,866 | - |
| Income tax revenue not available | 1,847,645 | - | - | - |
| Nonexchange transactions not available | 85,903 | - | - | - |
| Total deferred inflows of resources | <u>2,896,004</u> | <u>-</u> | <u>1,019,866</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>4,205,050</u> | <u>-</u> | <u>2,052,928</u> | <u>1,781,543</u> |
| Fund balances: | | | | |
| Nonspendable | 789,191 | - | - | - |
| Restricted | - | - | - | - |
| Assigned | 2,187,627 | 16,608 | - | - |
| Unassigned | 17,698,597 | - | (227,222) | (1,746,232) |
| Total fund balances | <u>20,675,415</u> | <u>16,608</u> | <u>(227,222)</u> | <u>(1,746,232)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 24,880,465</u> | <u>\$ 16,608</u> | <u>\$ 1,825,706</u> | <u>\$ 35,311</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| State Capital Grants | Other Governmental Funds | Total Governmental Funds |
|----------------------------|--------------------------------|--------------------------------|
| \$ 1,094,324 | \$ 4,750,926 | \$ 26,902,253 |
| | | 10,865 |
| - | - | 2,555,596 |
| - | 8,439 | 862,500 |
| - | 536 | 115,754 |
| - | 361,494 | 1,381,360 |
| - | - | 160,656 |
| - | - | 62,624 |
| - | 345,235 | 478,245 |
| - | - | 700,000 |
| - | 1,156 | 76,177 |
| - | 94,031 | 108,201 |
| <u>\$ 1,094,324</u> | <u>\$ 5,561,817</u> | <u>\$ 33,414,231</u> |
| \$ - | \$ 8,345 | \$ 189,787 |
| - | 134,681 | 505,793 |
| - | 26,335 | 90,538 |
| - | 11,134 | 85,802 |
| 500,000 | - | 1,514,525 |
| - | 10,322 | 635,615 |
| 1,250,000 | - | 3,000,000 |
| 22,841 | - | 54,384 |
| - | - | 10,865 |
| - | 564,714 | 564,714 |
| <u>1,772,841</u> | <u>755,531</u> | <u>6,652,023</u> |
| - | - | 830,968 |
| - | - | 14,654 |
| - | - | 54,210 |
| - | - | 62,624 |
| - | 361,494 | 1,381,360 |
| - | - | 1,847,645 |
| - | 228,339 | 314,242 |
| - | 589,833 | 4,505,703 |
| <u>1,772,841</u> | <u>1,345,364</u> | <u>11,157,726</u> |
| - | 95,187 | 884,378 |
| - | 4,121,266 | 4,121,266 |
| - | - | 2,204,235 |
| <u>(678,517)</u> | <u>-</u> | <u>15,046,626</u> |
| <u>(678,517)</u> | <u>4,216,453</u> | <u>22,256,505</u> |
| <u>\$ 1,094,324</u> | <u>\$ 5,561,817</u> | <u>\$ 33,414,231</u> |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total governmental fund balances \$ 22,256,505

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

| | |
|--|---------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 34,825,215 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (5,193) |
| Unamortized deferred amounts on refundings are not recognized in the governmental funds. | 39,557 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | |
| Income taxes receivable | \$ 1,847,645 |
| Real and other taxes receivable | 14,654 |
| Intergovernmental receivable | 314,242 |
| Special assessments receivable | 62,624 |
| Investment income receivable | <u>54,210</u> |
| Total | 2,293,375 |

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

| | |
|-----------------------------|-----------------|
| Deferred outflows - pension | 1,167,938 |
| Net pension liability | (3,162,584) |
| Deferred outflows - OPEB | 209,262 |
| Deferred inflows - OPEB | (22,581) |
| Net OPEB liability | <u>(68,467)</u> |
| Total | (1,876,432) |

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

| | |
|--|--------------------|
| Compensated absences | (276,470) |
| General obligation bonds payable | (2,565,000) |
| OPWC loans payable | (1,690,114) |
| Notes payable - financed purchase obligation | (2,032,852) |
| Financed purchases - leases | <u>(43,132)</u> |
| Total | <u>(6,607,568)</u> |

Net position of governmental activities \$ 50,925,459

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | General | Debt Service | Gender Road TIF | Capital Improvement |
|--|----------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Municipal income taxes | \$ 11,852,544 | \$ - | \$ - | \$ - |
| Real and other taxes | 869,154 | - | - | - |
| Charges for services | 157,728 | - | - | - |
| Fines, licenses and permits | 673,550 | - | - | - |
| Payments in lieu of taxes | - | - | 704,024 | - |
| Intergovernmental | 289,733 | - | - | - |
| Special assessments | 123,637 | - | - | - |
| Investment income | 1,311,245 | 3,526 | - | 23 |
| Rental income | 34,130 | - | - | - |
| Contributions and donations | - | - | - | - |
| Other | 120,860 | - | - | - |
| Total revenues | 15,432,581 | 3,526 | 704,024 | 23 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 3,915,943 | - | 367,818 | - |
| Security of persons and property | 1,631,474 | - | - | - |
| Public health and welfare | 161,193 | - | - | - |
| Transportation | 1,574,802 | - | - | - |
| Community environment | 1,102,827 | - | - | - |
| Leisure time activity | 870,073 | - | - | - |
| Capital outlay | 436,536 | - | 2,683 | 180,108 |
| Debt service: | | | | |
| Principal retirement | 340,193 | 647,964 | - | 1,750,000 |
| Interest and fiscal charges | 88,283 | 46,547 | - | 141,986 |
| Total expenditures | 10,121,324 | 694,511 | 370,501 | 2,072,094 |
| Excess (deficiency) of revenues over (under) expenditures | 5,311,257 | (690,985) | 333,523 | (2,072,071) |
| Other financing sources (uses): | | | | |
| Transfers in | - | 3,601,523 | - | 2,891,980 |
| Transfers (out) | (3,601,523) | (2,907,686) | - | - |
| Total other financing sources (uses) | (3,601,523) | 693,837 | - | 2,891,980 |
| Net change in fund balances | 1,709,734 | 2,852 | 333,523 | 819,909 |
| Fund balances at beginning of year | 18,965,681 | 13,756 | (560,745) | (2,566,141) |
| Fund balances at end of year | \$ 20,675,415 | \$ 16,608 | \$ (227,222) | \$ (1,746,232) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| State Capital Grants | Other Governmental Funds | Total Governmental Funds |
|----------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 11,852,544 |
| - | 274,426 | 1,143,580 |
| - | - | 157,728 |
| - | 8,084 | 681,634 |
| - | 423,514 | 1,127,538 |
| - | 1,012,277 | 1,302,010 |
| - | - | 123,637 |
| - | 79,524 | 1,394,318 |
| - | - | 34,130 |
| - | 17,125 | 17,125 |
| - | 115,092 | 235,952 |
| <hr/> | <hr/> | <hr/> |
| - | 1,930,042 | 18,070,196 |
| <hr/> | <hr/> | <hr/> |
| | | |
| - | 1,638,778 | 5,922,539 |
| - | - | 1,631,474 |
| - | - | 161,193 |
| - | 376,257 | 1,951,059 |
| - | - | 1,102,827 |
| - | 145,843 | 1,015,916 |
| 32,523 | 54,403 | 706,253 |
| <hr/> | <hr/> | <hr/> |
| 1,250,000 | 147,348 | 4,135,505 |
| 38,547 | 31,795 | 347,158 |
| <hr/> | <hr/> | <hr/> |
| 1,321,070 | 2,394,424 | 16,973,924 |
| <hr/> | <hr/> | <hr/> |
| (1,321,070) | (464,382) | 1,096,272 |
| <hr/> | <hr/> | <hr/> |
| 15,706 | - | 6,509,209 |
| - | - | (6,509,209) |
| <hr/> | <hr/> | <hr/> |
| 15,706 | - | - |
| <hr/> | <hr/> | <hr/> |
| (1,305,364) | (464,382) | 1,096,272 |
| <hr/> | <hr/> | <hr/> |
| 626,847 | 4,680,835 | 21,160,233 |
| \$ (678,517) | \$ 4,216,453 | \$ 22,256,505 |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

**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 \$ 1,096,272

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 expense exceeds capital outlays in the current period.

| | |
|---------------------------|--------------------|
| Capital asset additions | \$ 3,197,882 |
| Capital contributions | 326,886 |
| Current year depreciation | <u>(1,091,989)</u> |
| Total | 2,432,779 |

When capital assets are disposed of, the cost of the capital assets is removed from the capital asset account in the statement of net position resulting in a loss on sale of capital assets in the statement of activities.

(15,150)

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

309,083

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

4,135,505

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

277,530

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

(650,148)

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.

| | |
|---|----------|
| Accrued interest payable | (17,197) |
| Amortization of deferred amounts on refunding | (12,054) |
| Amortization of discounts | (4,914) |

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

(47,365)

Change in net position of governmental activities \$ 7,504,341

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

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

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) | |
|---|-------------------------|----------------------|----------------------|---|--------------------------------|
| | Original | Final | Actual | | |
| | | | | Positive (Negative) | Positive (Negative) |
| Revenues: | | | | | |
| Municipal income taxes | \$ 9,000,000 | \$ 9,000,000 | \$ 12,122,109 | \$ 3,122,109 | |
| Real and other taxes | 800,000 | 800,000 | 923,268 | 123,268 | |
| Charges for services | 173,000 | 173,000 | 166,418 | (6,582) | |
| Licenses, permits and fees | 861,900 | 861,900 | 698,568 | (163,332) | |
| Intergovernmental | 235,400 | 235,400 | 249,709 | 14,309 | |
| Special assessments | 122,000 | 122,000 | 123,637 | 1,637 | |
| Investment income | 150,000 | 150,000 | 869,938 | 719,938 | |
| Rental income | 25,000 | 25,000 | 34,130 | 9,130 | |
| Other | 25,000 | 25,000 | 17,132 | (7,868) | |
| Total revenues | 11,392,300 | 11,392,300 | 15,204,909 | 3,812,609 | |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 4,130,425 | 4,755,127 | 4,212,652 | 542,475 | |
| Security of persons and property | 1,633,000 | 1,867,857 | 1,816,485 | 51,372 | |
| Public health and welfare | 165,100 | 165,100 | 161,193 | 3,907 | |
| Transportation | 1,918,825 | 3,070,161 | 2,753,254 | 316,907 | |
| Community environment | 1,208,500 | 1,376,387 | 1,151,115 | 225,272 | |
| Leisure time activity | 1,110,950 | 1,168,883 | 926,116 | 242,767 | |
| Debt service: | | | | | |
| Principal retirement | 321,000 | 322,800 | 322,755 | 45 | |
| Interest and fiscal charges | 91,500 | 89,700 | 88,283 | 1,417 | |
| Total expenditures | 10,579,300 | 12,816,015 | 11,431,853 | 1,384,162 | |
| Excess of revenues over (under) expenditures | 813,000 | (1,423,715) | 3,773,056 | 5,196,771 | |
| Other financing sources (uses): | | | | | |
| Advances in | 40,000 | 40,000 | 40,000 | - | |
| Transfers (out) | (853,000) | (3,603,000) | (3,601,523) | 1,477 | |
| Total other financing sources (uses) | (813,000) | (3,563,000) | (3,561,523) | 1,477 | |
| Net change in fund balances | - | (4,986,715) | 211,533 | 5,198,248 | |
| Fund balance at beginning of year | 17,462,925 | 17,462,925 | 17,462,925 | - | |
| Prior year encumbrances appropriated | 801,675 | 801,675 | 801,675 | - | |
| Fund balance at end of year | \$ 18,264,600 | \$ 13,277,885 | \$ 18,476,133 | \$ 5,198,248 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENDER ROAD TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| | Original | Final | Actual | |
| Revenues: | | | | |
| Payments in lieu of taxes | \$ 575,000 | \$ 575,000 | \$ 704,024 | \$ 129,024 |
| Total revenues | <u>575,000</u> | <u>575,000</u> | <u>704,024</u> | <u>129,024</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 100,000 | 417,000 | 415,878 | 1,122 |
| Total expenditures | <u>100,000</u> | <u>417,000</u> | <u>415,878</u> | <u>1,122</u> |
| Excess of revenues over (under) expenditures | <u>475,000</u> | <u>158,000</u> | <u>288,146</u> | <u>130,146</u> |
| Other financing sources (uses): | | | | |
| Advances (out) and not repaid | (240,000) | (240,000) | (240,000) | - |
| Total other financing sources (uses) | <u>(240,000)</u> | <u>(240,000)</u> | <u>(240,000)</u> | <u>-</u> |
| Net change in fund balances | 235,000 | (82,000) | 48,146 | 130,146 |
| Fund balance at beginning of year | <u>707,112</u> | <u>707,112</u> | <u>707,112</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 942,112</u> | <u>\$ 625,112</u> | <u>\$ 755,258</u> | <u>\$ 130,146</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

| Business-type Activities - Enterprise Funds | | | | | |
|---|----------------------|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Storm Water | Total | |
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and cash equivalents | \$ 6,423,105 | \$ 11,243,467 | \$ 571,779 | \$ 18,238,351 | |
| Receivables: | | | | | |
| Accounts | 273,205 | 370,955 | 63,982 | 708,142 | |
| Accrued interest | 621 | - | - | 621 | |
| Leases | 48,946 | - | - | 48,946 | |
| Prepayments | 27,824 | 26,397 | 4,001 | 58,222 | |
| Materials and supplies inventory | 40,062 | 3,638 | - | 43,700 | |
| Total current assets | <u>6,813,763</u> | <u>11,644,457</u> | <u>639,762</u> | <u>19,097,982</u> | |
| Noncurrent assets: | | | | | |
| Advances to other funds | 316,407 | 498,118 | - | 814,525 | |
| Leases | 698,403 | - | - | 698,403 | |
| Capital assets: | | | | | |
| Land and construction in progress | 3,928,765 | 1,499,255 | - | 5,428,020 | |
| Depreciable capital assets, net | 11,719,895 | 19,760,179 | 7,319,279 | 38,799,353 | |
| Total capital assets, net | <u>15,648,660</u> | <u>21,259,434</u> | <u>7,319,279</u> | <u>44,227,373</u> | |
| Total assets | <u>23,477,233</u> | <u>33,402,009</u> | <u>7,959,041</u> | <u>64,838,283</u> | |
| Deferred outflows of resources: | | | | | |
| Unamortized deferred charges on debt refunding | - | 12,371 | - | 12,371 | |
| OPEB | 30,436 | 37,435 | 8,571 | 76,442 | |
| Pension | 312,354 | 319,569 | 55,666 | 687,589 | |
| Total deferred outflows of resources | <u>342,790</u> | <u>369,375</u> | <u>64,237</u> | <u>776,402</u> | |
| Total assets and deferred outflows of resources | <u>23,820,023</u> | <u>33,771,384</u> | <u>8,023,278</u> | <u>65,614,685</u> | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 94,451 | 74,872 | 18,545 | 187,868 | |
| Contracts payable | 287,339 | 253,135 | - | 540,474 | |
| Retainage payable | 122,784 | - | - | 122,784 | |
| Accrued wages and benefits payable | 15,689 | 16,581 | 3,642 | 35,912 | |
| Compensated absences payable - current | 37,627 | 37,859 | 6,075 | 81,561 | |
| Due to other governments | 33,408 | 17,197 | 4,904 | 55,509 | |
| Accrued interest payable | 14,075 | 5,714 | - | 19,789 | |
| Revenue bonds payable | - | 335,000 | - | 335,000 | |
| OWDA loans payable | 261,064 | 54,742 | - | 315,806 | |
| OPWC loans payable | 29,078 | 6,704 | - | 35,782 | |
| Total current liabilities | <u>895,515</u> | <u>801,804</u> | <u>33,166</u> | <u>1,730,485</u> | |
| Long-term liabilities: | | | | | |
| Compensated absences payable | 32,435 | 40,470 | 16,436 | 89,341 | |
| OWDA loans payable | 2,839,552 | 417,295 | - | 3,256,847 | |
| OPWC loans payable | 567,016 | - | - | 567,016 | |
| Net OPEB liability | 11,572 | 13,500 | 2,893 | 27,965 | |
| Net pension liability | 534,521 | 623,608 | 133,630 | 1,291,759 | |
| Total long-term liabilities | <u>3,985,096</u> | <u>1,094,873</u> | <u>152,959</u> | <u>5,232,928</u> | |
| Total liabilities | <u>4,880,611</u> | <u>1,896,677</u> | <u>186,125</u> | <u>6,963,413</u> | |
| Deferred inflows of resources: | | | | | |
| OPEB | 3,816 | 4,453 | 954 | 9,223 | |
| Leases | 714,329 | - | - | 714,329 | |
| Total deferred inflows of resources | <u>718,145</u> | <u>4,453</u> | <u>954</u> | <u>723,552</u> | |
| Total liabilities and deferred inflows of resources | <u>5,598,756</u> | <u>1,901,130</u> | <u>187,079</u> | <u>7,686,965</u> | |
| Net position: | | | | | |
| Net investment in capital assets | 11,541,827 | 20,204,929 | 7,319,279 | 39,066,035 | |
| Unrestricted | 6,679,440 | 11,665,325 | 516,920 | 18,861,685 | |
| Total net position | <u>\$ 18,221,267</u> | <u>\$ 31,870,254</u> | <u>\$ 7,836,199</u> | <u>\$ 57,927,720</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-----------------------------|----------------------------|-----------------------------|
| | Water | Sewer | Storm Water | Total |
| Operating revenues: | | | | |
| Charges for services | \$ 1,978,207 | \$ 2,417,552 | \$ 402,443 | \$ 4,798,202 |
| Other operating revenues | 598 | 96 | - | 694 |
| Total operating revenues | <u>1,978,805</u> | <u>2,417,648</u> | <u>402,443</u> | <u>4,798,896</u> |
| Operating expenses: | | | | |
| Personal services | 340,976 | 573,201 | 144,285 | 1,058,462 |
| Contract services | 1,031,210 | 757,692 | 223,224 | 2,012,126 |
| Materials and supplies | 376,786 | 107,395 | 13,537 | 497,718 |
| Depreciation | 636,571 | 1,202,109 | 247,325 | 2,086,005 |
| Total operating expenses | <u>2,385,543</u> | <u>2,640,397</u> | <u>628,371</u> | <u>5,654,311</u> |
| Operating income (loss) | <u>(406,738)</u> | <u>(222,749)</u> | <u>(225,928)</u> | <u>(855,415)</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest and fiscal charges | (31,667) | (26,947) | - | (58,614) |
| Loss on sale of capital assets | - | (42,743) | - | (42,743) |
| Rental income | 56,383 | - | - | 56,383 |
| Interest | 621 | - | - | 621 |
| Total nonoperating revenues (expenses) | <u>25,337</u> | <u>(69,690)</u> | <u>-</u> | <u>(44,353)</u> |
| Income (loss) before contributions | <u>(381,401)</u> | <u>(292,439)</u> | <u>(225,928)</u> | <u>(899,768)</u> |
| Capital contributions - developers | 456,992 | 536,577 | 326,258 | 1,319,827 |
| Capital contributions - tap fees | <u>654,681</u> | <u>831,678</u> | <u>-</u> | <u>1,486,359</u> |
| Change in net position | <u>730,272</u> | <u>1,075,816</u> | <u>100,330</u> | <u>1,906,418</u> |
| Net position at beginning of year | <u>17,490,995</u> | <u>30,794,438</u> | <u>7,735,869</u> | <u>56,021,302</u> |
| Net position at end of year | <u><u>\$ 18,221,267</u></u> | <u><u>\$ 31,870,254</u></u> | <u><u>\$ 7,836,199</u></u> | <u><u>\$ 57,927,720</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-----------------------------|--------------------------|-----------------------------|
| | Water | Sewer | Storm Water | Total |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 2,000,887 | \$ 2,426,946 | \$ 391,908 | \$ 4,819,741 |
| Cash received from other operations | 598 | 96 | - | 694 |
| Cash payments for personal services | (501,942) | (1,152,838) | (134,983) | (1,789,763) |
| Cash payments for contract services | (705,766) | (65,531) | (185,607) | (956,904) |
| Cash payments for materials and supplies | (377,970) | (78,947) | (10,881) | (467,798) |
| Net cash provided by operating activities | <u>415,807</u> | <u>1,129,726</u> | <u>60,437</u> | <u>1,605,970</u> |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from rental income | 46,803 | - | - | 46,803 |
| Cash received from interfund loans | 77,693 | 122,307 | - | 200,000 |
| Net cash provided by noncapital financing activities | <u>124,496</u> | <u>122,307</u> | <u>-</u> | <u>246,803</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (2,850,554) | (1,359,209) | (23,757) | (4,233,520) |
| Tap-in fees | 654,681 | 831,678 | - | 1,486,359 |
| Loan proceeds | 2,000,000 | - | - | 2,000,000 |
| Principal retirement on revenue bonds | - | (330,000) | - | (330,000) |
| Principal retirement on OWDA loans | (254,029) | (53,601) | - | (307,630) |
| Principal retirement on OPWC loans | (29,078) | (13,577) | - | (42,655) |
| Interest and fiscal charges | (35,184) | (28,410) | - | (63,594) |
| Net cash (used in) capital and related financing activities | <u>(514,164)</u> | <u>(953,119)</u> | <u>(23,757)</u> | <u>(1,491,040)</u> |
| Net increase in cash and cash equivalents | 26,139 | 298,914 | 36,680 | 361,733 |
| Cash and cash equivalents at beginning of year | 6,396,966 | 10,944,553 | 535,099 | 17,876,618 |
| Cash and cash equivalents at end of year | <u>\$ 6,423,105</u> | <u>\$ 11,243,467</u> | <u>\$ 571,779</u> | <u>\$ 18,238,351</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (406,738) | \$ (222,749) | \$ (225,928) | \$ (855,415) |
| Adjustments: | | | | |
| Depreciation | 636,571 | 1,202,109 | 247,325 | 2,086,005 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | | | |
| (Increase) decrease in accounts receivable | 22,687 | 9,511 | - | 32,198 |
| Decrease (increase) in materials and supplies inventory | (12,234) | 5,518 | - | (6,716) |
| Increase (decrease) in accrued wages and benefits | (505) | (2,967) | (321) | (3,793) |
| Increase (decrease) in contracts payable | 241,489 | 193,742 | - | 435,231 |
| Increase (decrease) in retainage payable | 122,784 | - | - | 122,784 |
| Increase (decrease) in accounts payable | (27,349) | 9,632 | 15,443 | (2,274) |
| Increase (decrease) in compensated absences payable | (24,927) | (3,758) | 2,223 | (26,462) |
| (Increase) decrease in deferred outflows of resources | (259,674) | (268,347) | (47,614) | (575,635) |
| Increase (decrease) in net pension liability | 344,034 | 420,422 | 95,533 | 859,989 |
| Increase (decrease) in net OPEB liability | 11,572 | 13,500 | 2,893 | 27,965 |
| (Increase) decrease in net OPEB asset | 69,783 | 74,435 | 13,957 | 158,175 |
| Increase (decrease) in deferred inflows of resources | (299,039) | (297,928) | (46,151) | (643,118) |
| (Decrease) increase in due to other governments | 3,300 | 1,836 | 3,077 | 8,213 |
| Decrease (increase) in prepayments | (5,947) | (5,230) | - | (11,177) |
| Net cash provided by operating activities | <u>\$ 415,807</u> | <u>\$ 1,129,726</u> | <u>\$ 60,437</u> | <u>\$ 1,605,970</u> |

Noncash Capital Financing Activities:

The Water, Sewer and Stormwater fund received assets from developers totaling \$456,992, \$536,577 and \$326,258, respectively.

The Water Fund capitalized interest on loan proceeds of \$12,185

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023

| | <u>Custodial</u> |
|--|-------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | \$ 385 |
| Cash in segregated accounts | <u>8,876</u> |
| Total assets | <u><u>9,261</u></u> |
| Net position: | |
| Restricted for individuals and other governments | <u>9,261</u> |
| Total net position | <u><u>9,261</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Custodial Fund |
|--|---------------------------|
| Additions: | |
| Fines, licenses and permits for other governments | \$ 48,839 |
| Total additions | <u>48,839</u> |
| Deductions: | |
| Fines, licenses and permits distributed to other governments | 50,646 |
| Total deductions | <u>50,646</u> |
| Change in net position | (1,807) |
| Net position at beginning of year | <u>11,068</u> |
| Net position at end of year | <u>\$ 9,261</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 1 - DESCRIPTION OF THE CITY

The City of Canal Winchester (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City operates under a Council-Mayor form of government and provides the following services: police protection (through Fairfield County), water, sewer and storm water utility services, park operations, street maintenance and repair, as well as general governmental services.

Management believes the financial statements included in this report represent all of the funds of the City over which the City officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's basic financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The City has no component units. The following organization is described due to its relationship to the City:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Canal Winchester Industry and Commerce Corporation (the "CWICC")

The CWICC is a legally separate, non-profit corporation created on August 22, 1994 pursuant to the provisions of Ohio Rev. Code Section 1724.10. The CWICC Board of Trustees shall always be two (2) Trustees selected from persons who qualify for inclusion in Category A and five (5) Trustees who qualify for inclusion in Category B.

Trustees who qualify for inclusion in Category A shall be the following elected or appointed officials of the City of Canal Winchester: Member of City Council; member of City Planning and Zoning Commission; City Solicitor; City Engineer; Planning and Zoning Administrator; and Director of Public Works. The Trustees in Category A shall be appointed by the Mayor and confirmed by City Council by resolution. Trustees shall serve overlapping two-year terms. The Mayor's initial appointments beginning in the 2021 calendar year shall have one (1) trustee appointed for a one (1) year term and one (1) trustee appointed for a two (2) year term. All terms thereafter shall be for two years.

Those persons who qualify for inclusion in Category B shall be Trustees of the Corporation who are not elected or appointed officials of the City of Canal Winchester. One (1) Trustee shall be the Superintendent of the Canal Winchester Local Schools or their designee, and one (1) Trustee shall be an employee of South-Central Power Co. or an electric utility providing services within the City of Canal Winchester. The remaining three (3) Trustees shall be elected by a majority of the Trustees to serve overlapping two-year terms. The initial election at the 2021 annual meeting shall have one (1) Trustee elected for a one (1) year term and two (2) trustees elected for two (2) year terms. All terms thereafter shall be for two (2) years.

The City Finance Director is appointed as Treasurer and serves under the direction of the Board of Trustees.

The City is not required under this agreement to provide any financial contribution to the CWICC. The City did not expend any money in 2023 to the CWICC. The CWICC can incur debt, mortgage its property acquired, otherwise issue its obligations for the purpose of acquiring, constructing, improving and equipping buildings, structures and other properties and acquiring sites. The financial activities of the CWICC are not included in the financial statements of the City.

B. Basis of Presentation - Fund Accounting

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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 statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City.

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

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

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services, and include personnel and other expenses related to the operations of the enterprise activity. All other revenues and expenses not meeting these definitions are reported as nonoperating transactions.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific revenues and expenses.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

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

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

Debt service fund - This fund accounts for and reports all transactions relating to the payment of debt.

Gender road tax increment financing fund - This fund receives payments in lieu of taxes for various improvements.

Capital improvement fund - This fund receives investment income and debt proceeds for capital related improvements.

State capital grants fund - This fund receives grant revenues, transfers from the general fund and debt proceeds for capital improvements.

Other governmental funds of the City are used to account for (a) financial resources that are restricted to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Sewer fund - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the City.

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Storm water fund - This fund accounts for storm water operations.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The City has no trust funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has one custodial fund which accounts for the City's Mayor's Court.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

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

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

For the City, available means expected to be received within sixty days of year end. Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations.

On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and other post-employment benefits (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.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, OPEB, leases, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements.

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, interest, charges for services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

F. 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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the City's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements 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. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the City by September 1.

As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the City determined that receipts collected will be greater than or less than the prior estimate and the Budget Commission finds the revised estimate to be reasonable.

On or before December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported within the budgetary statements reflect the original and final estimated resources as certified by the County Budget Commission.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The City legally adopted appropriation amendments during 2023. The budgetary statement reflects the original and final appropriations as approved by Council.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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

G. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. Interest earnings are allocated as authorized by State statute.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets.

The City invested in STAR Ohio during 2023. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants."

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes. Interest income is distributed to the funds according to charter and statutory requirements. Investment income recorded in the General Fund totaled \$1,311,245 which included \$701,802 assigned from other funds.

H. Inventories of Materials and Supplies

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000.

The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities. All reported capital assets are depreciated except for land and intangibles. Improvements are depreciated over the remaining useful lives of the related capital assets.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> | <u>Business-type Activities Estimated Lives</u> |
|----------------------------|--|---|
| Land improvements | 10-50 years | - |
| Buildings and improvements | 50 years | 25-50 years |
| Furniture and Equipment | 5-20 years | 10-20 years |
| Vehicles | 8 years | 8 years |
| Infrastructure | 20-30 years | 30-50 years |

J. Compensated Absences

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

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method.

The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The total liability for compensated absence payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation leave, sick leave, comp time and personal leave in varying amounts.

In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes payable – financed purchases, loans and financed purchases - leases are recognized as a liability on the governmental fund financial statements when due.

L. Interfund Activity

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

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

On fund financial statements, receivables and payables to cover deficit cash balances are classified as “interfund receivables/payables.” On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as “advances to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position. Advances between governmental activities and business-type activities are presented as internal balances.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority).

Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated (Finance Director) that authority by City Charter or ordinance. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The future appropriations amount assigned in the General Fund represents 2024 appropriations that exceed estimated resources.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

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

N. Estimates

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

O. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2023 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Q. Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied. At December 31, 2023 this includes grant revenue received before all eligibility requirements have been met.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2023.

S. Fair Value

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.

T. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

U. Unamortized Bond Discounts/Accounting Gain or Loss

Bond discounts are amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a reduction to the face amount of the bonds.

For an advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt. On the governmental fund financial statements bond discounts and net gains or losses from refunding are recognized in the current period.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

V. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

B. Deficit Fund Balance

Fund balances at December 31, 2023 included deficits of \$227,222, \$1,746,232, and \$678,517 in the Gender Road TIF fund, Capital Improvement fund, and the State Capital Grants fund, respectively. The General fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within a ten year from the date of settlement, bonds and other obligations of a political subdivision of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2, above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one period.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had \$150 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and investments".

B. Cash in Segregated Accounts

At year end, \$8,876 and \$10,865 was on deposit for the City's mayor's court and healthcare account which was held outside of the City's treasury, respectively. This amount is included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

C. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all City deposits was \$8,648,805. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2023, \$8,024,297 of the City's bank balance of \$8,771,090 was exposed to custodial credit risk as discussed below, while \$746,793 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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. For 2023, the City's financial institution was approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

D. Investments

As of December 31, 2023, the City had the following investments and maturities:

| Investment Type | Fair Value Hierarchy | Fair Value | Investment Maturities | | | | | |
|-------------------------|----------------------|---------------|-----------------------|----------------|-----------------|-----------------|------------------------|------|
| | | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months | |
| FFCB | Level 2 | \$ 784,606 | \$ - | \$ - | \$ 502,660 | \$ 281,946 | \$ - | \$ - |
| FHLB | Level 2 | 8,322,644 | 1,244,578 | 1,743,371 | 2,020,717 | 1,414,073 | 1,899,905 | |
| FHLMC | Level 2 | 2,233,568 | - | - | 495,635 | 493,720 | 1,244,213 | |
| Commercial Paper | N/A | 2,949,994 | 2,949,994 | - | - | - | - | |
| Negotiable CD's | Level 2 | 8,754,682 | 2,695,517 | 977,606 | 1,469,505 | 1,185,924 | 2,426,130 | |
| STAR Ohio | N/A | 12,586,001 | 12,586,001 | - | - | - | - | |
| U.S. Govt. Money Market | N/A | 880,280 | 880,280 | - | - | - | - | |
| Total | | \$ 36,511,775 | \$ 20,356,370 | \$ 2,720,977 | \$ 4,488,517 | \$ 3,375,663 | \$ 5,570,248 | |

The weighted average maturity of investments is 0.86 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio and U.S. Government money market mutual funds carry a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody, respectively.

The negotiable CDs are not rated. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

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

| <u>Investment type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------------|--------------------------|-------------------|
| FFCB | \$ 784,606 | 2.15 |
| FHLB | 8,322,644 | 22.79 |
| FHLMC | 2,233,568 | 6.12 |
| Negotiable CD's | 8,754,682 | 23.98 |
| Commercial Paper | 2,949,994 | 8.08 |
| STAR Ohio | 12,586,001 | 34.47 |
| U.S. Government money market | <u>880,280</u> | <u>2.41</u> |
| Total | <u>\$ 36,511,775</u> | <u>100.00</u> |

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2023:

| <u>Cash and investments per note</u> |
|---|
| Carrying amount of deposits |
| Investments |
| Cash on hand |
| Total |
| <u>Cash and investments per statement of position</u> |
| Governmental activities |
| Business-type activities |
| Custodial fund |
| Total |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at December 31, 2023, as reported on the fund statements as advances to/from other funds consist of the following:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|----------------------|---------------|
| General | Gender road tif | \$ 200,000 |
| General | State capital grants | 500,000 |
| Water | Gender road tif | 316,407 |
| Sewer | Gender road tif | 498,118 |

The primary purpose of the advances to/from other funds is to cover costs in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received. The interfund balances are not expected to be repaid within one year.

B. Interfund transfers for the fiscal year ended December 31, 2023, consisted of the following, as reported on the fund financial statements:

| <u>Transfers from</u> | <u>Transfers to</u> | <u>Amount</u> |
|-----------------------|---------------------------|---------------|
| General fund | Debt service fund | \$ 3,601,523 |
| Debt service fund | State capital grants fund | 15,706 |
| Debt service fund | Capital improvement fund | 2,891,980 |

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between the Debt service fund, Capital improvement fund and State capital grants fund is for the repayment of outstanding debt reporting the liability in the correct fund. All transfers made were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 6 - PROPERTY TAXES - (Continued)

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

Public utility property taxes are payable on the same dates as real property taxes described previously. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Canal Winchester.

The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

| | |
|---|------------------------------|
| Real property tax | \$ 331,097,370 |
| Public utility tangible personal property | <u>4,758,570</u> |
| Total assessed value | <u><u>\$ 335,855,940</u></u> |

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 2.0% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. The City gives a 100% credit to the tax paid to another municipality to the maximum of the total amount assessed. It also applies to the net income of business organizations located within the City. The Regional Income Tax Agency administers and collects income taxes for the City. Payments, net of collection fees, are remitted monthly for tax receipts received by the Regional Income Tax Agency in the prior month. Income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2023. Income tax revenue for 2023 was \$11,852,544 as reported in the fund financial statements. Income tax revenue is reported in the general fund.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 8 - TAX INCREMENT FINANCING DISTRICTS (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT), as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was \$1,127,538 in 2023 as reported in the fund financial statements. The TIFs have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2023, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, leases and intergovernmental receivables arising from grants, entitlements, and shared revenue.

All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2023. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

| | |
|--------------------------------|--------------|
| Income taxes | \$ 2,555,596 |
| Property and other local taxes | 862,500 |
| Payments in lieu of taxes | 1,381,360 |
| Accounts | 115,754 |
| Special assessments | 62,624 |
| Accrued interest | 160,656 |
| Due from other governments | 478,425 |

Business-type activities:

| | |
|------------------|---------|
| Accounts | 708,142 |
| Leases | 747,349 |
| Accrued interest | 621 |

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 9 - RECEIVABLES - (Continued)

Lease receivable: The City has entered into three separate lease agreements for the rental of City owned property. Due to the implementation of GASB Statement No. 87, the City is reporting a receivable for the future scheduled payments under the leases. The terms of these leases extend until 2043 with payments due monthly or annually.

The following is a schedule of all future lease revenue payments:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------------------|-------------------------|--------------------------|
| 2024 | \$ 48,946 | \$ 1,825 | \$ 50,771 |
| 2025 | 49,069 | 1,702 | 50,771 |
| 2026 | 51,424 | 1,577 | 53,001 |
| 2027 | 54,887 | 1,445 | 56,332 |
| 2028 | 55,025 | 1,308 | 56,333 |
| 2029-2033 | 222,760 | 4,613 | 227,373 |
| 2034-2038 | 171,608 | 2,365 | 173,973 |
| 2039-2043 | <u>93,630</u> | <u>359</u> | <u>93,989</u> |
| Total | <u><u>\$ 747,349</u></u> | <u><u>\$ 15,194</u></u> | <u><u>\$ 762,543</u></u> |

NOTE 10 - CAPITAL ASSETS

A. Governmental activities capital asset activity at December 31, 2023 was as follows:

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - CAPITAL ASSETS - (Continued)

| <u>Governmental activities:</u> | <u>Balance</u> | <u>12/31/22</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> | <u>12/31/2023</u> |
|---|-------------------|------------------|--------------------|-------------------|----------------|-------------------|
| <i>Capital assets, not being depreciated:</i> | | | | | | |
| Land | \$ 2,742,163 | \$ 235,600 | \$ - | \$ 2,977,763 | | |
| Construction in progress | 2,116,783 | 2,232,846 | (2,192,572) | 2,157,057 | | |
| Intangibles | 354,535 | - | - | 354,535 | | |
| Intangible right to use - Financed Purchase | 695,795 | - | - | 695,795 | | |
| Total capital assets, not being depreciated | 5,909,276 | 2,468,446 | (2,192,572) | 6,185,150 | | |
| <i>Capital assets, being depreciated:</i> | | | | | | |
| Land improvements | 3,863,606 | 10,777 | - | 3,874,383 | | |
| Buildings and improvements | 5,628,272 | 2,596,703 | - | 8,224,975 | | |
| Furniture and equipment | 2,375,690 | 225,270 | (51,411) | 2,549,549 | | |
| Vehicles | 1,049,905 | 89,258 | (36,000) | 1,103,163 | | |
| Infrastructure | 17,802,665 | 326,886 | - | 18,129,551 | | |
| Intangible right to use - Financed Purchase | 2,792,251 | - | - | 2,792,251 | | |
| Total capital assets, being depreciated | 33,512,389 | 3,248,894 | (87,411) | 36,673,872 | | |
| <i>Less: accumulated depreciation:</i> | | | | | | |
| Land improvements | (673,938) | (108,484) | - | (782,422) | | |
| Buildings and improvements | (1,456,868) | (148,224) | - | (1,605,092) | | |
| Furniture and equipment | (621,886) | (140,450) | 36,261 | (726,075) | | |
| Vehicles | (798,658) | (77,426) | 36,000 | (840,084) | | |
| Infrastructure | (3,333,395) | (559,248) | - | (3,892,643) | | |
| Intangible right to use - Financed Purchase | (129,334) | (58,157) | - | (187,491) | | |
| Total accumulated depreciation | (7,014,079) | (1,091,989) | 72,261 | (8,033,807) | | |
| Total capital assets, being depreciated net | 26,498,310 | 2,156,905 | (15,150) | 28,640,065 | | |
| Governmental activities, net | \$ 32,407,586 | \$ 4,625,351 | \$ (2,207,722) | \$ 34,825,215 | | |

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

| | |
|--|------------------|
| General government | \$ 183,090 |
| Transportation | 211,647 |
| Leisure time activity | 697,252 |
| Total depreciation expense - governmental activities | \$ 1,091,989 |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity at December 31, 2023 was as follows:

| <u>Business-type activities:</u> | <u>Balance</u> | <u>12/31/2022</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> | <u>12/31/2023</u> |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|---------------------|-------------------|
| <i>Capital assets, not being depreciated:</i> | | | | | | |
| Land | \$ 913,400 | \$ - | \$ - | \$ 913,400 | | |
| Intangibles | 278,501 | 36,822 | - | - | 315,323 | |
| Construction in progress | 357,606 | 3,904,278 | (62,587) | - | 4,199,297 | |
| Total capital assets, not being depreciated | <u>1,549,507</u> | <u>3,941,100</u> | <u>(62,587)</u> | <u>-</u> | <u>5,428,020</u> | |
| <i>Capital assets, being depreciated:</i> | | | | | | |
| Buildings and improvements | 14,495,926 | - | - | - | 14,495,926 | |
| Furniture and equipment | 2,572,236 | 556,806 | (68,200) | - | 3,060,842 | |
| Vehicles | 280,817 | 39,680 | (18,627) | - | 301,870 | |
| Infrastructure | 58,910,411 | 1,008,250 | - | - | 59,918,661 | |
| Total capital assets, being depreciated | <u>76,259,390</u> | <u>1,604,736</u> | <u>(86,827)</u> | <u>-</u> | <u>77,777,299</u> | |
| <i>Less: accumulated depreciation:</i> | | | | | | |
| Buildings and improvements | (5,374,277) | (265,535) | - | - | (5,639,812) | |
| Furniture and equipment | (1,017,930) | (158,290) | 25,457 | - | (1,150,763) | |
| Vehicles | (216,769) | (20,705) | 18,627 | - | (218,847) | |
| Infrastructure | (30,327,049) | (1,641,475) | - | - | (31,968,524) | |
| Total accumulated depreciation | <u>(36,936,025)</u> | <u>(2,086,005)</u> | <u>44,084</u> | <u>-</u> | <u>(38,977,946)</u> | |
| Total capital assets, being depreciated, net | <u>39,323,365</u> | <u>(481,269)</u> | <u>(42,743)</u> | <u>-</u> | <u>38,799,353</u> | |
| Business-type activities capital assets, net | <u><u>\$ 40,872,872</u></u> | <u><u>\$ 3,459,831</u></u> | <u><u>\$ (105,330)</u></u> | <u><u>\$ 44,227,373</u></u> | | |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 – FINANCED PURCHASES - LESSEE DISCLOSURE

In 2022, the City entered into lease purchase agreement with a financial institution to assist in financing a new truck.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. Principal and interest payments from the permissive tax fund totaled \$29,161. Future principal and interest payments at December 31, 2023 are as follows:

| Year Ending <u>December 31,</u> | Governmental Activities |
|--|----------------------------|
| 2024 | \$ 29,408 |
| 2025 | <u>14,952</u> |
| | |
| Total minimum lease payments | 44,360 |
| Less: amount representing interest | <u>(1,228)</u> |
| Present value of future minimum lease payments | <u>\$ 43,132</u> |

NOTE 12 – NOTE PAYABLE

The City issued bond anticipation notes with the expectation outstanding notes payable will be paid in full upon maturity in May 2024.

| | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance 12/31/22</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/23</u> |
|---------------------------------|--------------------------|--------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|
| Governmental activities: | | | | | | |
| Bond anticipation note | 5/11/2023 | 2.75% | \$ 2,750,000 | \$ - | \$ (2,750,000) | \$ - |
| Bond anticipation note | 5/9/2024 | 4.38% | <u>-</u> | <u>3,000,000</u> | <u>-</u> | <u>3,000,000</u> |
| Total | | | <u>\$ 2,750,000</u> | <u>\$ 3,000,000</u> | <u>\$ (2,750,000)</u> | <u>\$ 3,000,000</u> |

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2023, the following changes occurred in the governmental activities long-term obligations:

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| | Interest Rate | Maturity Date | Balance at 12/31/2022 | Additions | Reductions | Balance at 12/31/2023 | Amounts Due in One Year |
|--|------------------|------------------|--------------------------|--------------|----------------|--------------------------|-------------------------------|
| Governmental activities: | | | | | | | |
| <u>General obligation bonds</u> | | | | | | | |
| Refunding bonds, 2017 | 3.75%-4.5% | 12/01/2028 | \$ 875,000 | \$ - | \$ (140,000) | \$ 735,000 | \$ 140,000 |
| G.O. Municipal facilities bonds, 2015 | 5.50% | 01/01/2030 | 1,880,000 | - | (235,000) | 1,645,000 | 235,000 |
| Various purp. refunding bonds, series 2013 | 2.53% | 12/01/2024 | 365,000 | - | (180,000) | 185,000 | 185,000 |
| Total general obligations bonds | | | 3,120,000 | - | (555,000) | 2,565,000 | 560,000 |
| <u>Long-Term Bond Anticipation Note</u> | | | | | | | |
| 2022 Bond anticipation note | 4.38% | 05/04/2023 | 3,000,000 | - | (3,000,000) | - | - |
| Total bond anticipation notes | | | 3,000,000 | - | (3,000,000) | - | - |
| <u>OPWC loans - Direct Borrowings</u> | | | | | | | |
| #CC02D - North High St. | 0.00% | 7/01/2023 | 18,795 | - | (18,795) | - | - |
| #CC03E - West Waterloo #1 | 0.00% | 1/01/2024 | 45,126 | - | (30,083) | 15,043 | 15,043 |
| #CC04F - West Waterloo #2 | 0.00% | 1/01/2025 | 126,955 | - | (50,781) | 76,174 | 50,780 |
| #CC04K - Columbus St | 0.00% | 1/01/2029 | 148,200 | - | (22,800) | 125,400 | 22,800 |
| #CC06L - Thrush Drive | 0.00% | 1/01/2034 | 112,850 | - | (9,813) | 103,037 | 9,814 |
| #CC017X - Gender Rd. Ph. V | 0.00% | 01/01/2040 | 529,213 | - | (26,460) | 502,753 | 26,460 |
| #CC11U - Gender Rd. Ph. IV | 0.00% | 01/01/2039 | 921,939 | - | (54,232) | 867,707 | 54,232 |
| Total OPWC loans | | | 1,903,078 | - | (212,964) | 1,690,114 | 179,129 |
| <u>Other long-term obligations</u> | | | | | | | |
| Notes payable - financed purchase - land | Various | Various | 375,043 | - | (97,541) | 277,502 | 82,532 |
| Notes payable - financed purchase - building | 4.00% | 1/1/2030 | 1,998,002 | - | (242,652) | 1,755,350 | 252,692 |
| Net pension liability | | | 838,141 | 2,324,443 | - | 3,162,584 | - |
| Net OPEB liability | | | - | 68,467 | - | 68,467 | - |
| Compensated absences | | | 229,105 | 174,189 | (126,824) | 276,470 | 153,973 |
| Financed purchase - lease payable | | | 70,480 | - | (27,348) | 43,132 | 28,387 |
| Total other long-term obligations | | | 3,510,771 | 2,567,099 | (494,365) | 5,583,505 | 517,584 |
| Total governmental activities | | | \$ 11,533,849 | \$ 2,567,099 | \$ (4,262,329) | \$ 9,838,619 | \$ 1,256,713 |

Compensated Absences:

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employees' salaries are paid which will primarily be the general fund and the street construction and maintenance fund (a nonmajor other governmental fund).

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds:

On December 17, 2013, the City issued general obligation refunding bonds (various purpose refunding bonds, series 2013). These bonds refunded the \$1,300,000 callable portion of the Series 2004 issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 2.53% and mature on December 1, 2024.

Proceeds of \$1,354,059 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various purpose bonds. As a result, \$1,300,000 of these bonds of these bonds are considered defeased and the liability for the refunded portion of these bonds have been removed from the City's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$54,059 for governmental activities. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt.

On April 15, 2015, the City issued general obligation refunding bonds totaling \$3,500,000 for the purpose of municipal facility improvements. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 5.50% and mature on January 1, 2030.

On September 29, 2017, the City issued general obligation refunding bonds (refunding bonds, series 2017). These bonds refunded the \$1,645,000 callable portion of the Series 2008 issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The bonds bear an annual interest rate of 3.75%-4.5% and mature on December 1, 2028.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Proceeds of \$1,724,690 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various purpose bonds. As a result, \$1,645,000 of these bonds of these bonds are considered defeased and the liability for the refunded portion of these bonds have been removed from the City's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$79,690 for governmental activities. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt. The economic gain resulting from this transaction was \$116,826. The following is a summary of the City's future annual debt service requirements for the general obligation bonds:

| <u>Year Ended December 31,</u> | <u>General Obligation Bonds Payable</u> | | |
|------------------------------------|---|--------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 560,000 | \$ 63,181 | \$ 623,181 |
| 2025 | 380,000 | 49,394 | 429,394 |
| 2026 | 385,000 | 40,180 | 425,180 |
| 2027 | 385,000 | 30,860 | 415,860 |
| 2028 | 385,000 | 21,540 | 406,540 |
| 2029-2030 | <u>470,000</u> | <u>18,330</u> | <u>488,330</u> |
| Total | <u>\$ 2,565,000</u> | <u>\$ 223,485</u> | <u>\$ 2,788,485</u> |

Notes Payable – Financed Purchase - Land:

During 2017 the City purchased property for purposes of future development and secured a loan agreement with the property owner. The loan agreement bears interest of 3% and is payable in quarterly installments of \$22,484 based on a ten year amortization schedule. The following is a summary of the City future annual debt service requirements to service this debt which will be paid from the General fund:

| <u>Year Ended December 31,</u> | <u>Notes Payable - Land</u> | | |
|------------------------------------|-----------------------------|-------------------------|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 82,532 | \$ 7,402 | \$ 89,934 |
| 2025 | 85,036 | 4,899 | 89,935 |
| 2026 | 87,616 | 2,319 | 89,935 |
| 2027 | <u>22,318</u> | <u>167</u> | <u>22,485</u> |
| Total | <u>\$ 277,502</u> | <u>\$ 14,787</u> | <u>\$ 292,289</u> |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OPWC Loans:

Ohio Public Works Commission Loans (OPWC) have been issued for various street improvements. The loans are interest free and principal payments are made from the debt service fund. The following is a summary of the City's future annual debt service principal requirements for the OPWC loans:

| <u>Year Ended</u> | <u>December 31,</u> | <u>Principal</u> |
|-------------------|----------------------------|------------------|
| 2024 | \$ 179,129 | |
| 2025 | 138,698 | |
| 2026 | 113,305 | |
| 2027 | 113,305 | |
| 2028 | 113,305 | |
| 2029-2033 | 463,931 | |
| 2034-2038 | 408,370 | |
| 2039-2041 | <u>160,071</u> | |
| Total | <u>\$ 1,690,114</u> | |

Notes Payable – Financed Purchase-Building Purchase:

During 2020 the City purchased a commercial building for purposes of a future municipal building and secured a note agreement with the property owner in the amount of \$2,400,000. The loan agreement bears interest of 4% and is payable in quarterly installments based on a ten year amortization schedule. In 2022, the City purchased property in the amount of \$230,000 for the purpose of redevelopment and expansion. This note agreement bears an interest rate of 5% payable in quarterly installments through October 2032. The following is a summary of the City future annual debt service requirements to service this debt which will be paid from the General fund:

| <u>Year Ended</u> | <u>Notes Payable - Building</u> | | | |
|-------------------|---------------------------------|--------------------------|----------------------------|--------------|
| | <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 252,692 | \$ 68,411 | \$ 321,103 | |
| 2025 | 262,903 | 58,683 | 321,586 | |
| 2026 | 273,781 | 48,567 | 322,348 | |
| 2027 | 285,111 | 38,048 | 323,159 | |
| 2028 | 297,197 | 27,107 | 324,304 | |
| 2029-2032 | <u>383,666</u> | <u>17,217</u> | <u>400,883</u> | |
| Total | <u>\$ 1,755,350</u> | <u>\$ 258,033</u> | <u>\$ 2,013,383</u> | |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property.

The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2023, the City's total debt margin was \$29,381,482 and the unvoted debt margin was \$12,572,077.

B. Business-Type Activities

During 2023, the following changes occurred in the business-type long-term obligations:

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CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance at 12/31/22</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at 12/31/23</u> | <u>Due in One Year</u> |
|--|--------------------------|--------------------------|--------------------------------|---------------------|---------------------|--------------------------------|----------------------------|
| <u>Revenue bonds</u> | | | | | | | |
| Sanitary sewer refunding bonds | 2.530% | 12/01/2024 | \$ 665,000 | \$ - | \$ (330,000) | \$ 335,000 | \$ 335,000 |
| Total revenue bonds | | | <u>665,000</u> | <u>-</u> | <u>(330,000)</u> | <u>335,000</u> | <u>335,000</u> |
| <u>OPWC loans - Direct Borrowings</u> | | | | | | | |
| #CC01C - Sanitary sewer rehab | 3.00% | 1/01/2024 | 20,281 | - | (13,577) | 6,704 | 6,704 |
| #CC15P - Tanktown Waterline | 0.00% | 1/1/2044 | <u>625,172</u> | <u>-</u> | <u>(29,078)</u> | <u>596,094</u> | <u>29,078</u> |
| Total OPWC loans | | | <u>645,453</u> | <u>-</u> | <u>(42,655)</u> | <u>602,798</u> | <u>35,782</u> |
| <u>OWDA loans - Direct Borrowings</u> | | | | | | | |
| #4523 - Water treatment plant construction | 2.75% | 7/01/2027 | 1,086,315 | - | (205,560) | 880,755 | 211,252 |
| #4672 - Well field & raw water line | 2.75% | 7/01/2027 | 256,145 | - | (48,469) | 207,676 | 49,812 |
| #5772 - Sewer system upgrades | 2.12% | 7/1/2031 | 525,638 | - | (53,601) | 472,037 | 54,742 |
| #10274 - 2023 Waterline Improve. | 2.11% | NA | <u>-</u> | <u>2,012,185</u> | <u>-</u> | <u>2,012,185</u> | <u>-</u> |
| Total OWDA loans | | | <u>1,868,098</u> | <u>2,012,185</u> | <u>(307,630)</u> | <u>3,572,653</u> | <u>315,806</u> |
| <u>Other long-term obligations:</u> | | | | | | | |
| Net pension liability | | | 431,770 | 859,989 | - | 1,291,759 | - |
| Net OPEB liability | | | <u>-</u> | <u>27,965</u> | <u>-</u> | <u>27,965</u> | <u>-</u> |
| Compensated absences | | | <u>197,364</u> | <u>88,228</u> | <u>(114,690)</u> | <u>170,902</u> | <u>81,561</u> |
| Total long-term obligations | | | <u>629,134</u> | <u>976,182</u> | <u>(114,690)</u> | <u>1,490,626</u> | <u>81,561</u> |
| Total business-type activities | | | <u>\$ 3,807,685</u> | <u>\$ 2,988,367</u> | <u>\$ (794,975)</u> | <u>\$ 6,001,077</u> | <u>\$ 768,149</u> |

Compensated Absences:

Compensated absences will be paid from the water, sewer and storm water enterprise funds.

Revenue Bonds:

On December 17, 2013, the City issued \$3,280,000 in sanitary sewer system revenue refunding bonds. This bond issue, along with funds held in the debt service reserve fund account established by trust indenture, was used to refund a portion of the sewer mortgage revenue bonds issued on December 1, 2004. These bonds bear an interest rate of 2.53% and mature on December 1, 2024.

Proceeds of \$3,738,454 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the sewer mortgage revenue bonds.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

As a result, \$3,590,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds have been removed from the City's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$148,454. This amount is presented as a deferred charge on refunding and amortized over the remaining life of the new debt. The following is a summary of the City's future annual debt service requirements for the revenue refunding bonds:

| Year Ended <u>December 31,</u> | Revenue Refunding Bonds Payable | | |
|-----------------------------------|---------------------------------|-----------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 335,000 | \$ 8,476 | \$ 343,476 |
| Total | <u>\$ 335,000</u> | <u>\$ 8,476</u> | <u>\$ 343,476</u> |

The City has pledged future sewer customer revenues, net of specified operating expenses, to acquire, construct, and make operating improvements to the sanitary sewer collection and treatment system. The sewer revenue bonds are payable solely from sewer customer net revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 35.41 percent of net revenues. The total principal and interest remaining to be paid on the sewer mortgage revenue bonds is \$343,476. Principal and interest paid for the current year and total customer net revenues were \$346,825 and \$1,433,046, respectively.

OPWC Loans:

OPWC loans have been issued to finance waterline construction and sanitary sewer rehabilitation. Principal and interest payments are due in semi-annual installments. The following is a summary of the City's future annual debt service principal and interest requirements for the OPWC loans:

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

| Year Ended <u>December 31,</u> | OPWC Loans Payable | | | <u>Total</u> |
|-----------------------------------|--------------------------|----------------------|----------|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u> </u> | |
| 2024 | \$ 35,782 | \$ 316 | \$ | 36,098 |
| 2025 | 29,078 | - | | 29,078 |
| 2026 | 29,078 | - | | 29,078 |
| 2027 | 29,078 | - | | 29,078 |
| 2028 | 29,078 | - | | 29,078 |
| 2029-2033 | 145,389 | - | | 145,389 |
| 2034-2038 | 145,389 | - | | 145,389 |
| 2039-2043 | 145,390 | - | | 145,390 |
| 2044 | <u>14,536</u> | <u>-</u> | | <u>14,536</u> |
| Total | <u>\$ 602,798</u> | <u>\$ 316</u> | | <u>\$ 603,114</u> |

OWDA Loans:

The City has entered into debt financing arrangements through the Ohio Water Department Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from sewer and water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2023, the City has outstanding borrowings of \$3,572,653. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down.

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2031. Annual principal and interest payments on the loans are expected to require 29.24 percent of net revenues and 8.04 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$3,684,724. Principal and interest paid for the current year were \$353,673, total net revenues were \$1,663,059 and total operating revenues were \$4,396,453.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The annual requirements to retire business-type activities debt follows, excluding loan #10274 – Waterline Improvements as this loan and terms have not been finalized. Once this loan has been finalized, an amortization schedule will be provided.

| Year Ended December 31, | OWDA Loans Payable | | |
|----------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 315,806 | \$ 37,867 | \$ 353,673 |
| 2025 | 324,201 | 29,473 | 353,674 |
| 2026 | 332,821 | 20,852 | 353,673 |
| 2027 | 341,673 | 12,001 | 353,674 |
| 2028 | 59,561 | 4,900 | 64,461 |
| 2029-2031 | <u>186,406</u> | <u>6,977</u> | <u>193,383</u> |
| Total | <u>\$ 1,560,468</u> | <u>\$ 112,070</u> | <u>\$ 1,672,538</u> |

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability and Net OPEB Liability

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees).

The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent.

**CITY OF CANAL WINCHESTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

| | <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 |
| | <hr/> |
| Total Employer | <hr/> 14.0 % |
| Employee | <hr/> 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$390,887 for 2023. Of this amount, \$47,916 is reported as due to other governments.

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. 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> |
|--|-------------------|
| Traditional Plan | |
| Proportion of the net pension liability prior measurement date | 0.01459600% |
| Proportion of the net pension liability current measurement date | <hr/> 0.01507900% |
| Change in proportionate share | <hr/> 0.00048300% |
| | |
| Proportionate share of the net pension liability - Traditional Plan | \$ 4,454,343 |
| Pension expense | \$ 735,534 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - 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> |
|---|---------------------------|
| Deferred Outflows of Resources | |
| Differences between expected and actual experience | \$147,955 |
| Change in assumptions | 47,057 |
| Net difference between projected and actual earnings on pension plan investments | 1,269,628 |
| City contributions subsequent to the measurement date | 390,887 |
| Total Deferred Outflows of Resources | <u>\$1,855,527</u> |

\$390,887 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> |
|--------------------------|---------------------------|
| Year Ending December 31: | |
| 2024 | \$172,376 |
| 2025 | 296,597 |
| 2026 | 373,712 |
| 2027 | <u>621,955</u> |
| Total | <u>\$1,464,640</u> |

Actuarial Assumptions - OPERS

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| | |
|--|--|
| Wage inflation | |
| Current measurement date | 2.75% |
| Prior measurement date | 2.75% |
| Future salary increases, including inflation | |
| Current measurement date | 2.75% to 10.75% including wage inflation |
| Prior measurement date | 2.75% to 10.75% including wage inflation |
| COLA or ad hoc COLA | |
| Current measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple |
| Prior measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2021, then 2.05% simple |
| Investment rate of return | |
| Current measurement date | 6.90% |
| Prior measurement date | 6.90% |

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 CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION 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 Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|--------------------------|---|
| Fixed income | 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 % | |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.9%) |
|--|------------------------|-------------------------------------|-----------------------|
| City's proportionate share of the net pension liability | \$6,672,458 | \$4,454,343 | \$2,609,270 |

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 14 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 - 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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 - 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 twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.00%, however, effective July 1, 2022 a portion of the health care rate was funded with reserves.

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

| | <u>OPERS</u> |
|--|-------------------|
| Proportion of the Net OPEB Asset: | |
| Current Measurement Date | 0.0152940% |
| Prior Measurement Date | <u>0.0148530%</u> |
| Change in Proportionate Share | <u>0.0004410%</u> |
| Proportionate Share of the Net OPEB Liability | \$96,432 |
| OPEB Expense | (\$172,914) |

Actuarial Assumptions - OPERS

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

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

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:

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | |
|--|--|
| Wage Inflation | |
| Current measurement date | 2.75% |
| Prior Measurement date | 2.75% |
| Projected Salary Increases, including inflation | |
| Current measurement date | 2.75 to 10.75% |
| Prior Measurement date | 2.75 to 10.75% |
| Single Discount Rate: | |
| Current measurement date | 5.22% |
| Prior Measurement date | 6.00% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 4.05% |
| Prior Measurement date | 1.84% |
| Health Care Cost Trend Rate | |
| Current measurement date | 5.50% initial, 3.50% ultimate in 2036 |
| Prior Measurement date | 5.50% initial, 3.50% ultimate in 2034 |
| Actuarial Cost Method | Individual Entry Age Normal |

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

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

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

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:

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| 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 | <u>6.00</u> | 1.84 |
| Total | <u><u>100.00 %</u></u> | |

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | 1% Decrease (4.22%) | Current Discount Rate (5.22%) | 1% Increase (6.22%) |
|---|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability (asset) | \$328,209 | \$96,432 | (\$94,823) |

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. 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% 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 | \$90,388 | \$96,432 | \$103,235 |

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

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 – DEFINED BENEFIT OPEB PLANS- (Continued)

| OPERS - Traditional | |
|--|----------------|
| Deferred Outflows of Resources | |
| Net difference between projected and actual earnings on pension plan investments | \$ 191,517 |
| Changes of assumptions | 94,187 |
| Total deferred outflows of resources | <u>285,704</u> |
| Deferred Inflows of Resources | |
| Differences between expected and actual experience | \$ 24,054 |
| Change in assumptions | 7,750 |
| Total deferred inflows of resources | <u>31,804</u> |

\$0 is reported as deferred outflows of resources related to pension and 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:

| OPERS | |
|--------------------------|----------------|
| Year Ending December 31: | |
| 2024 | \$ 31,623 |
| 2025 | 70,039 |
| 2026 | 59,721 |
| 2027 | 92,517 |
| Total | <u>253,900</u> |

NOTE 16 - RISK MANAGEMENT POOLS

A. Central Ohio Health Care Consortium

On January 1, 1992, the City joined the Central Ohio Health Care Consortium (the “Pool”), a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the Pool. The Pool consists of 11 political subdivisions who pool risk for basic hospital, surgical and prescription drug coverage. Dental, vision, and life insurance coverage is provided by Delta Dental, Vision Service Plan, and Standard Insurance Company, respectively.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 16 - RISK MANAGEMENT POOLS – (Continued)

The City pays monthly contributions to the Pool, which are used to cover claims and administrative costs, and to purchase excess loss insurance for the Pool. The Pool also entered into an agreement with an independent plan supervisor to oversee the day to day operations of the Pool, such as administration and approval of submitted claims, the payment of operating expenses incurred by the Pool and the preparation of a monthly activity report which is presented to the Board. The funds held by the Pool are maintained in a bank trust account established for the sole purpose and benefit of the Pool operations. Financial information for the Pool can be obtained from Matthew Peoples, Chair, COHCC, 45 East Waterloo St, Canal Winchester, Ohio 43110. The City's payments to the Pool for insurance coverage were \$760,039 during 2023.

The City pays monthly contributions to the Pool, which are used to cover claims and administrative costs, to establish and maintain sufficient claim reserves and to purchase excess loss insurance for the Pool. The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. In the event that the losses of the Pool in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made. No such loss has occurred in the past four years. In the event that an entity should withdraw from the plan, the withdrawing member is required to either reimburse the Pool for claims paid on its behalf or the member must pay the claims directly.

B. Central Ohio Risk Management Association

On October 1, 2014, the City joined the Central Ohio Risk Management Association Inc. (CORMA), a shared risk pool which is administered by nine cities in Central Ohio. Its present members in addition to the City of Canal Winchester are the Cities of Dublin, Grove City, Upper Arlington, Westerville, Groveport, Pickerington, Powell, Grandview Heights, Gahanna, and Hilliard. CORMA was formed as an Ohio non-profit corporation for the purpose of establishing the CORMA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Each member has a representative on the Board of Trustees that approves bylaws, establish policies and contract with service providers for the best savings. Member cities agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORMA. Coverage includes comprehensive general liability, property insurance, crime insurance, employee benefits liability, law enforcement liability, public officials' liability, automotive liability, and healthcare professional liability. Financial Statements for the pool can be obtained from Mike Turner, Treasurer, CORMA, 4035 Broadway, Grove City, Ohio 43123. The City's payments to CORMA for insurance coverage were \$63,964 during 2023.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the general and gender road tif fund:

Net Change in Fund Balance

| | <u>General fund</u> | <u>Gender road tif fund</u> |
|---|---------------------|-----------------------------|
| Budget basis | \$ 211,533 | \$ 48,146 |
| Net adjustment for revenue accruals | 227,672 | - |
| Net adjustment for expenditure accruals | (612,218) | (5,205) |
| Net adjustment for other sources/uses | (40,000) | 240,000 |
| Adjustment for encumbrances | <u>1,922,747</u> | <u>50,582</u> |
| GAAP basis | <u>\$ 1,709,734</u> | <u>\$ 333,523</u> |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 18 – TAX ABATEMENTS

The City of Canal Winchester provides tax abatements under the following programs which meet the criteria set forth under the requirements of GASB Statement No. 77: the Industrial/Commercial Community Reinvestment Area Program and Income Tax Abatement Program.

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Section 5709, the City has established Community Reinvestment Areas (CRA) for any industrial or commercial property project improvements made to parcel(s) following specific return-on-investment formulas and guidelines approved by City Council.

City Council's Incentive Criteria for Decision Making

The City of Canal Winchester has offered tax incentives and CRA abatements to various businesses based upon substantial project investment into the City. The City has created a return on investment formula it considers before entering into any such agreements.

This return on investment formula considers the financial impact not only to the City but also other local governments in Franklin and Fairfield County that may be impacted. Below is the information relevant to the disclosure of these programs for the year ended December 31, 2023:

| Tax Abatement Program | Total Amount of Taxes Abated (Incentive Abated) for 2023 (In Actual Dollars) |
|--------------------------------------|---|
| <i>Community Reinvestment Areas:</i> | |
| Manufacturing | \$ 30,864 |
| Mixed Use | 1,856 |
| Retail | 3,688 |
| Professional Services | 5,527 |
| Hotel | 3,971 |
| Distribution | 82,595 |
| Telecommunications | 874 |
| Restaurants | 134 |
| Residential | 109 |
| Total | <u><u>\$ 129,620</u></u> |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 18 – TAX ABATEMENTS – (Continued)

Cooperative Economic Development Agreement (CEDA)

On September 15, 2001 the City of Canal Winchester entered into a CEDA with Violet Township, a contiguous and overlapping subdivision in Fairfield County, to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development with uniform planning standards in accordance with Ohio Revised Code Section 701.07.

The Agreement allows for development of a designated area with the sharing of services and an annual service fee between the parties. This agreement has been in part responsible for the development of industrial/commercial development known as Canal Pointe Industrial Park and the Diley Road Commercial Corridor which currently includes 62 businesses with over 1,600 employees. The amount distributed under this agreement was \$904,803 in 2023.

NOTE 19 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Asset Retirement Obligation

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with the waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 20 - FUND BALANCE

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

| Fund balance | General Fund | Debt Service Fund | Gender Rd. TIF Fund | Capital Improvement Fund | State Capital Grants Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------|----------------------|-------------------|---------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| Nonspendable: | | | | | | | |
| Prepayments | \$ 75,021 | \$ - | \$ - | \$ - | \$ - | \$ 1,156 | \$ 76,177 |
| Long-term loans | 700,000 | - | - | - | - | - | 700,000 |
| Materials & supplies inventory | 14,170 | - | - | - | - | 94,031 | 108,201 |
| Total nonspendable | 789,191 | - | - | - | - | 95,187 | 884,378 |
| Restricted: | | | | | | | |
| Capital projects | - | - | - | - | - | 2,130,875 | 2,130,875 |
| Transportation | - | - | - | - | - | 1,444,792 | 1,444,792 |
| Community environment | - | - | - | - | - | 81,542 | 81,542 |
| Leisure time activity | - | - | - | - | - | 464,057 | 464,057 |
| Total restricted | - | - | - | - | - | 4,121,266 | 4,121,266 |
| Assigned: | | | | | | | |
| Debt service | - | 16,608 | - | - | - | - | 16,608 |
| Community environment | 17,716 | - | - | - | - | - | 17,716 |
| Security persons & property | 46,745 | - | - | - | - | - | 46,745 |
| Transportation | 1,144,112 | - | - | - | - | - | 1,144,112 |
| Leisure time activity | 42,793 | - | - | - | - | - | 42,793 |
| Subsequent year appropriations | 676,030 | - | - | - | - | - | 676,030 |
| General government | 260,231 | - | - | - | - | - | 260,231 |
| Total assigned | 2,187,627 | 16,608 | - | - | - | - | 2,204,235 |
| Unassigned | 17,698,597 | - | (227,222) | (1,746,232) | (678,517) | - | 15,046,626 |
| Total fund balances | \$ 20,675,415 | \$ 16,608 | \$ (227,222) | \$ (1,746,232) | \$ (678,517) | \$ 4,216,453 | \$ 22,256,505 |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 21 - OTHER COMMITMENTS

Encumbrances

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

| <u>Fund</u> | <u>Year - End</u> |
|--------------------------|---------------------|
| | <u>Encumbrances</u> |
| General | \$ 1,922,747 |
| Gender road tif | 50,582 |
| Other governmental | <u>791,104</u> |
| Total governmental funds | <u>2,764,433</u> |
| | |
| Water | 330,584 |
| Sewer | 986,420 |
| Storm Water | <u>104,839</u> |
| | |
| Total proprietary funds | <u>1,421,843</u> |
| | |
| Total | <u>\$ 4,186,276</u> |

Revenue Sharing Agreement

The City has entered into an agreement with the Canal Winchester Local School District (the District) to compensate the District for property tax revenues lost as a result of a tax-exempt enterprise zone established by the City. For each year the exemption is in effect, the City is obligated to pay the District an amount equal to twenty-five percent of the income taxes collected on new employee payroll reported by employers within the enterprise zone. The City's liability as of December 31, 2023 of \$197,974 is reported as due to other governments in the General fund.

Contractual Commitments

The City reported contractual commitments outstanding of \$617,968 and \$184,583 for the construction of the Three Seasons Shelter House Project and Waterline Improvement Project, respectively, at December 31, 2023.

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2023 | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | | |
| City's proportion of the net pension liability | 0.015079% | 0.014596% | 0.014489% | 0.012899% |
| City's proportionate share of the net pension liability | \$ 4,454,343 | \$ 1,269,911 | \$ 2,145,505 | \$ 2,549,576 |
| City's covered-employee payroll | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 | \$ 1,776,321 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 188.65% | 59.57% | 110.90% | 143.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.74% | 96.62% | 86.88% | 82.17% |

Amounts presented as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 |
|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| | 0.013120% | | 0.012993% | | 0.013344% | | 0.014281% | | 0.012385% | | 0.012385% |
| \$ | 3,594,672 | \$ | 2,038,352 | \$ | 3,030,195 | \$ | 2,473,649 | \$ | 1,493,770 | \$ | 1,460,030 |
| \$ | 1,598,936 | \$ | 1,597,715 | \$ | 2,153,825 | \$ | 1,585,225 | \$ | 1,702,142 | \$ | 1,688,962 |
| | 224.82% | | 127.58% | | 140.69% | | 156.04% | | 87.76% | | 86.45% |
| | 74.70% | | 84.66% | | 77.25% | | 81.08% | | 86.45% | | 86.36% |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

SCHEDULES OF SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2023 | 2022 | 2021 | 2020 |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 390,887 | \$ 330,568 | \$ 298,439 | \$ 270,837 |
| Contributions in relation to the contractually required contribution | <u>(390,887)</u> | <u>(330,568)</u> | <u>(298,439)</u> | <u>(270,837)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% | 14.00% | 14.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 |
|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|
| \$ | 248,685 | \$ | 223,851 | \$ | 207,703 | \$ | 258,495 | \$ | 190,227 | \$ | 204,257 |
| | <u>(248,685)</u> | | <u>(223,851)</u> | | <u>(207,703)</u> | | <u>(258,495)</u> | | <u>(190,227)</u> | | <u>(204,257)</u> |
| \$ | <u><u>-</u></u> |
| \$ | 1,776,321 | \$ | 1,598,936 | \$ | 1,597,715 | \$ | 2,153,825 | \$ | 1,585,225 | \$ | 1,702,142 |
| | 14.00% | | 14.00% | | 13.00% | | 12.00% | | 12.00% | | 12.00% |

**CITY OF CANAL WINCHESTER
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

| | 2023 | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability/(asset) | 0.0152940% | 0.0148530% | 0.0149620% | 0.0137360% |
| City's proportionate share of the net OPEB liability/(asset) | \$ 96,432 | \$ (465,220) | \$ (266,560) | \$ 1,897,299 |
| City's covered-employee payroll | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 | \$ 1,776,321 |
| City's proportionate share of the net OPEB liability/(asset) as a percentage of its covered-employee payroll | 4.08% | -21.82% | -13.78% | 106.81% |
| Plan fiduciary net position as a percentage of the total OPEB liability/(asset) | 94.79% | 128.32% | 115.57% | 47.80% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019 | 2018 | 2017 |
|--------------|--------------|--------------|
| 0.0140800% | 0.0140100% | 0.0139737% |
| \$ 1,839,350 | \$ 1,521,382 | \$ 1,411,392 |
| \$ 1,598,936 | \$ 1,597,715 | \$ 2,153,825 |
| 115.04% | 95.22% | 65.53% |
| 46.33% | 54.14% | 54.04% |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

| | 2023 | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - - - - | - - - - | - - - - | - - - - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 2,792,050 | \$ 2,361,200 | \$ 2,131,707 | \$ 1,934,550 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ - | \$ - | \$ 17,201 | \$ 36,939 | \$ 31,704 | \$ 34,055 |
| <u>\$ -</u> | <u>\$ -</u> | <u>(17,201)</u> | <u>(36,939)</u> | <u>(31,704)</u> | <u>(34,055)</u> |
| \$ - |
| \$ 1,776,321 | \$ 1,598,936 | \$ 1,597,715 | \$ 2,153,825 | \$ 1,585,225 | \$ 1,702,142 |
| 0.00% | 0.00% | 1.08% | 1.72% | 2.00% | 2.00% |

CITY OF CANAL WINCHESTER
FRANKLIN COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2023.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Canal Winchester
Franklin County
45 E. Waterloo Street
Canal Winchester, Ohio 43110-1213

To the City Council and Management:

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 Canal Winchester, Franklin County, (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 July 28, 2025.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Canal Winchester
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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.

Wilson, Shumaker & Snell, Inc.

July 28, 2025
Newark, Ohio

OHIO AUDITOR OF STATE KEITH FABER



CITY OF CANAL WINCHESTER

FRANKLIN 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 1/22/2026

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